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NEWS SUMMARY

GENERAL
Carter drops B-1 bomber
President Carter has withdrawn the B-1 bomber from the U.S. strategic armory. At a conference yesterday he said that production and development of the B-1, designed to take the place of the B-52, should also cease. The defence establishment in Washington had argued strongly in its favour and, earlier this week, the House of Representatives voted to allocate funds for its development. The President claimed that the B-1 was irrelevant. Back page

BUSINESS
Pressure on gilts; equities unsettled
● GILTS showed further losses as selling continued in an unenthusiastic market. The FT Government Securities Index slipped 0.39 to 67.89.
● EQUITIES finished with little change, but the overall tone at the close was still uncertain. The FT 30-Share Index, down 3.1 at 10 a.m., ended at 456.3, up 0.1 on the day.
● STERLING eased 13 points to close at \$1.797, but its trade-weighted index was unchanged at 61.3. Dollar continued to

Rhodesia to spend more on defence
Rhodesia's defence spending will rise by 44 per cent in the next year to £132m, according to public expenditure estimates tabled in the Rhodesian House of Assembly. At least another £90m will be provided under previous other votes taking the total cost of defence to more than £130m. Back page

Woman jailed
An Englishwoman, Jane Wright, was jailed for a year after being found guilty of illegal entry into Somalia. With four other people she had been charged with spying after their yacht ran aground off Hafun, Northern Somalia. They were acquitted on the espionage charges, but Miss Wright's suspension was also lifted for seven and two years for legal entry. Somalia denies border attack. Page 7

Bombing sentence
Vincent Donnelly was sentenced to jail yesterday, with the recommendation that he serves at least 30 years, after being convicted at the Old Bailey of six charges in connection with last year's bombing of an underground train at West Ham, including the murder of the train guard.

School meal campaign
Means representing more than a quarter of the TUC's membership have launched a campaign against the proposed increase of 10p in the price of school meals. They have threatened to withdraw their support for any form of new pay deal unless the Government rescinds the increase. Page 15

Annan attack
The Annan Committee has been accused of "serious misjudgment" in rejecting the independent television companies application for a second commercial channel, ITV 2. The committee recommended that a fourth channel should be allocated to new authority. Page 9

Appeal fails
In appeal by Mr. John Stonehouse against five of the 14 charges for which he is now serving a seven-year prison sentence, he was dismissed in the House of Lords yesterday.

Briefly...
● Many Connors is to meet Bjorn Borg in the Wimbledon men's final tomorrow. Connors beat Jimmy McNamee 6-3, 6-3, 4-6, 6-4, and Borg beat Vilas 6-4, 6-2, 6-3, 6-3, 6-6.
● Silver Jubilee exhibition of fish industry and commerce was in Hyde Park today.
● In France is to introduce daily rations for Concord between Paris and Washington on July 11.
● An office and shopping complex to be built in the centre of London, by the Northern Ireland Office at a cost of £5m.
● London Hall is to be closed as part of a move to save Westminster City Council £25,000 a year.

CHIEF PRICE CHANGES YESTERDAY
Prices in pence unless otherwise indicated

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and & Simpson A.	42 + 3
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Thames	14 + 4
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Beaverbrook agrees to £13.69m. Trafalgar takeover

BY MAX WILKINSON
Beaverbrook Newspapers, publisher of the Daily and Sunday Express and the Evening Standard, accepted last night a £13.69m. takeover offer from Trafalgar House, the shipping and property group. The deal ends months of speculation over the future of the three papers, but the City in-fighting continues.

Trafalgar, which owns the Cunard line and the Ritz Hotel, increased its offer by £1m. yesterday before it was accepted by the proprietor, Sir Max Aitken and family trustees, who control voting shares. The deal is subject to approval by the Takeover Panel and the Monopolies Commission.
Last night Sir James Goldsmith, head of Cavenham Foods, whose proposals were rejected by the trustees, protested that the bid was unfair to Beaverbrook non-voting shareholders. Sir James, who has 40 per cent of the non-voting shares, promised to fight for better terms for non-voters.
If, as seems likely, the deal goes through, the Express will maintain its traditional character as a "crusader". Mr. Victor Matthews, managing director of Trafalgar, said it would be a family newspaper, a patriotic newspaper, a support for capitalism and a paper for good news.
The Evening Standard, one of London's two evening newspapers, which was threatened with closure after Easter in a deal planned with Associated Newspapers, now seems to have a secure future for at least the next few years.
Trafalgar expects to put in extra cash to pay for possible redundancies and to promote the newspapers, as well as to pay off Beaverbrook's considerable debts.
Mr. Matthews strongly denied that the takeover was an asset-stripping operation. He was firmly committed to the survival of the Standard and the Daily and Sunday Express.
By and large, the Editors will have complete freedom as long as they agree with the policy I have laid down," he said.
"This is: Believe in Britain and look for the good things. He added: "I will be seeking to create a family newspaper which cares about Britain."
"It means more concentration on certain sectors, factual reporting and less sensational building-up of something which is ill-founded."
Mr. Matthews said he hoped to put the company back into substantial profits by the end of three years.
"We are a commercial organisation and I am here to make profits, but I am also here to keep going a very important newspaper group, losing £2m. when it should be making £10m. There is no specific time limit, but if after three years I could not see the thing going well, it might be better to let someone else have it."
Mr. Matthews was acting for Rothchild's, which acting for Beaverbrook disclosed last night that Trafalgar had bought the 78 per cent of voting shares held by Sir Max and the Beaverbrook trusts.
Mr. Matthews hopes that Sir James Goldsmith will sell his 5m. non-voting shares to Trafalgar at a profit, since he is estimated to have paid about 35p each for them.
"We will need capital, and Trafalgar would not be able to provide it if Beaverbrook were not wholly-owned," he said.
Sir James said last night that he had written to the Takeover Panel saying among other things that there were only 1.6m. voting shares to 13.7m. non-voters. Since the trustees own the majority of the voting shares, he claims that only about 1 per cent of the total issued capital is available in the stock market in the form of voting shares.
He wanted an independent merchant bank to judge the merit of his claim.
Associated Newspapers, which plan to buy the Standard was prevented by the intervention of Sir James, faces the acute problem of what to do with its London Evening News, which has an estimated loss of about £5m. a year.
Trafalgar for Beaverbrook
Page 20
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British plan to improve air defences

BY MALCOLM RUTHERFORD
THE GOVERNMENT is putting a major effort into air defence policy because it now realises that Britain is vulnerable to conventional air attacks from the Soviet Union.
The possibility of such attacks was referred to briefly in the Defence White Paper but is now being spelled out in much more detail. So is the British response.
The Soviet threat is seen as coming mainly from two aircraft which are being steadily improved—the Backfire and Fencer fighter bombers.
The threat from the Backfire is regarded as particularly serious because its long range would enable it to fly north of Scotland and then approach Britain from the west. Air defences have not previously been designed to face any such possibility.
The Fencer could reach Britain by a direct route from bases in East Germany. Its chances of getting through would be high because until recently it was believed in Whitehall that a conventional air threat did not exist, so that present defences are inadequate.
Not only has the Soviet Union developed the ability to mount such an attack; it is now argued that in the event of a European war it would have some incentive to do so at the outset because of the concentration of allied air power that would be located in the U.K.
Much of this would consist of reinforcements flown in from the U.S., and the Soviet Union might well wish to seek to destroy them before they could be used to launch counter-attacks in defence of the European mainland.
Britain aims to meet the new challenge by strengthening all the elements of air defence. A programme of "hardening" the air bases to make them resistant to conventional attack is now under way, and is being partially funded by NATO.
Radar and early warning systems are also being improved. The Nimrod airborne early warning system will become operational in the early 1980s, and will provide radar cover of low-flying aircraft. No such cover exists at present.
Changes are being planned too, in the deployment of surface-to-air missiles (SAMs) used to protect air bases. This will involve withdrawing some Bloodhound missiles from the protection of RAF Germany.
The Government is also planning more Rapier missile sites. It is not ready to announce all the locations.
A large part of the responsibility, however, will rest on manned aircraft. Already about 25 per cent of RAF combat aircraft are deployed full time in air defence, but some are ageing, and future plans rely heavily on introduction of the Anglo-German-Italian Tornado.
The air defence variant of this aircraft will come into service in the mid-1980s.
The evidence brought in Whitehall that the threat from the Backfire and Fencer force is necessary that it will become steadily more serious as the aircraft are increased in numbers and improved in quality. The new British emphasis on air defence is designed to keep pace with that build-up.

Clearing banks urge changes in financial controls

BY MICHAEL BLANDEN
CHANGE IN the controls and incentives applied to different types of financial institutions, together with improved techniques of monetary policy, have been suggested by the London clearing banks in their first submission to Sir Harold Wilson's committee studying in the City.
The banks suggest in the evidence published today that the financial system and in the availability of funds for industry have not been a major factor in holding back industrial investment or in contributing to the country's relatively poor economic performance.
They reject, in particular, too close an involvement by the banks in industrial companies.
The clearing banks would regard it as dangerous to confuse the roles of banker and proprietor/manager of a business," they say.
While the financial system had generally been effective in meeting industry's needs, however, the banks see two present areas of difficulty: lending for terms of between 10 and 20 years, where their deposit structure precludes them from participating to any significant extent, and the provision of equity finance for smaller developing businesses.
Among the issues directly affecting their business, the banks draw attention to the substantial amounts of medium-term finance being provided. They calculate it at over 40 per cent of direct lending to industry and trade and over 47 per cent, if export finance schemes are included.
They doubt whether further

Talks on Grunwick inquiry to-day

BY CHRISTIAN TYLER, Labour Correspondent
BOTH SIDES of the bitter Grunwick dispute will to-day attend a preliminary private session of the court of inquiry set up by Mr. Albert Booth, Employment Secretary, yesterday.
Mr. George Ward, managing director of the North London film processing company, and leaders of the clerical union APEX, which is seeking recognition there, are expected to meet in the chambers of Lord Justice Scarman, chairman of the court.
Later to-day, the union's national executive will consider how to reduce the mass picketing outside the Grunwick gates, in response to Mr. Booth's appeal in the Commons for both sides not to prejudice the chances of the court paving the way to a peaceful settlement.
Official pickets, however, will probably remain in place.
But last night Mr. Jack Dromey, spokesman for the 80 APEX members on strike, said pressure on the company should be stepped up because the court of inquiry's recommendations would not be binding on Grunwick.
Meanwhile the prospect that postal workers' backing of Grunwick will widen into a postal strike all over London receded.
The Post Office failed to carry out its threat to suspend sorters at Cricklewood if they continued their picketing beyond yesterday morning.
As a result, the National Association for Freedom—which has been advising Grunwick throughout—said last night it was consulting its solicitors with a view to taking legal action.
During the emergency debate in the Commons that followed Mr. Booth's announcement, Mr. Sam Silkin, Attorney-General, made it clear that he had no intention at present of initiating any prosecution against the postmen.
Mr. Booth explained to the Commons that he had appointed the court of inquiry because his proposal to appoint an independent mediator had been "thwarted" by Mr. Ward of Grunwick.
The comparatively rare recourse to a judicial inquiry is intended both to defuse what Mr. Booth called "explosive situations" and to make recommendations that could lead to a settlement.
But its appointment comes at a time when the air is thick with legal actions.
It will be running parallel with a High Court hearing, starting on Monday, on Grunwick's challenge to the recommendation by the Advisory, Conciliation and Continued on Back Page

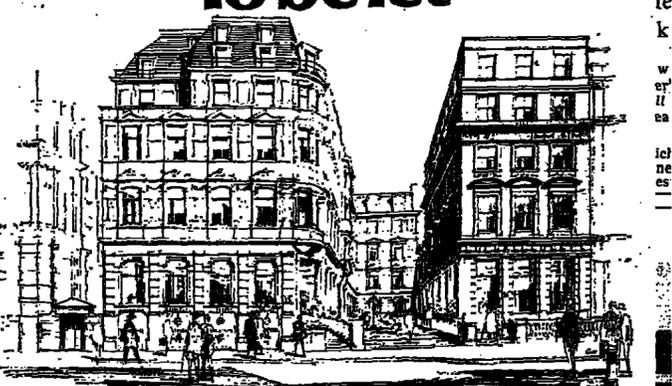
Larger EEC warning by Schmidt

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT
CHANCELLOR Helmut Schmidt of West Germany is understood to have cast serious doubts on whether the European Community could maintain one of its fundamental principles, the free movement of labour inside EEC frontiers, if Greece, Portugal and Spain are admitted as new members.
He is believed to have suggested, during the two-day European Council of heads of Government which ended in London yesterday, that the new entrants would require lengthy transition periods to adjust to full EEC membership, and that this would lead to the development of a two-tier Community in which rich and poor member countries would progress at different speeds.
The meeting also ended amid strong indications that the Nine are wavering in their traditional commitment to Liberal external trade policy. All North leaders indicated publicly their concern that such policies could be contributing directly to worsening unemployment.
While they re-affirmed their belief in the principle of free trade, they did so in somewhat less emphatic terms than formerly.
"Damage"
A note of discord was struck at this, the last EEC meeting to be held during the present British presidency of the Council of Ministers by an unusually strong protest from the Netherlands over the U.K.'s unilateral decision to ban herring fishing inside its 200-mile North Sea zone.
Mr. Max van der Stoep, Dutch Foreign Minister, told Dr. David Owen, Foreign Secretary, that the ban violated EEC philosophy.
He described the chairmanship of last Monday's Fisheries Council in Luxembourg by Mr. John Silkin, British Agriculture Minister, as a "disgraceful affair."
The Dutch Minister said he could not accept the serious damage which the U.K. action would cause his country's fishing industry.
He would confer to-day with Mr. Max van der Stoep, Agriculture Minister, apparently to see what steps could be taken to get the ban lifted.
Chancellor Schmidt's views on the problems of EEC enlargement have clearly been influenced by social and labour market difficulties at home.
He is understood to have pointed out that foreign workers and their families in Germany numbered 4m. or 6 per cent of the labour force, and to have warned that a further increase could create a minorities problem.
The Nine leaders issued a statement emphasising the need for further steps to combat un-

Advanced

The site of the future European Parliament and the salaries of its directly-elected members were also discussed.
Mr. Callaghan said that Britain seemed to be as far advanced as any EEC country in preparing for direct elections but indicated he considered some recent proposals for Euro-MPs salaries to be too high.
The Government had approved an increase in outside by the EEC Social Fund, though by somewhat less than the Euphrate Commission had sought.
But they gave short shrift to a Commission proposal for a £12bn. investment fund to aid industrial restructuring, development of energy sources and regional infrastructure.
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Politics To-day, Page 21
European reaction, Page 4

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Where capitalism still works

BY NICHOLAS COLCHESTER

AMERICANS must find it would have found themselves puzzling that other countries are captives of the East...

Last decade

In retrospect, 1973 seems to have been a turning point in the investment aspirations of the Western world...

Management

Thirdly there is the question of management. Here judgments are very subjective and all Europe cannot be thrown into a single group...

McEnroe takes a set off erratic Connors

BY JOHN BARRETT

JIMMY CONNORS reached his third Wimbledon final in four years when he defeated fellow American John McEnroe 3-6, 6-3, 6-4, 6-4 in a two-hour 37-minute semi-final yesterday...

Hockney work brings £26,000

BY ANTONY THORNCROFT

THERE ARE still some buyers in that most volatile market, contemporary art. On Wednesday night Currier's sold over half the paintings it had on offer...

Round the course in Chinese

BY DOMINIC WIGAN

THE SANDOWN Eclipse meeting offers a wide range of Chinese racing. Tiger Trail went down by 2 1/2 lengths and a length to Bell-Tent and Shim Jan respectively...

Two exciting races in prospect

BY MICHAEL DONNE

ALTHOUGH THE American Crews particularly worth watching over the next few days include the Washington University...

TV Radio BBC 1 6.40-7.55 a.m. Open University (UHF only)...

WIMBLEDON Centre Court conditions were invaluable in the strong swirling wind. When the former champion broke for a 4-2 lead...

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F.T. CROSSWORD PUZZLE No. 3419 1 Finished being looked after (4, 3)...

BBC 2 11.00 a.m. Wimbledon Tennis. 11.30 a.m. Play School. 12.00 News on 2...

WIMBLEDON (continued) out of court twice. As Connors's mistakes continued McEnroe had a point for a 4-1 lead...

ACROSS of west London (9) Sound of Virginia taking cover (8)...

RADIO 1 6.30 a.m. News. 6.45 a.m. News. 7.00 a.m. News. 7.15 a.m. News. 7.30 a.m. News...

Dare you circulate this? If you did you'd probably be amazed how many people would want the FT - and quite rightly...



Japan's colour TV exports di Japanese colour television exports fell 2.4 per cent...

War as an art form

By GEOFF BROWN

هكذا من الفن

Car and Dog of the Animals (AA)
Plaza One, Warner West End and General Release
Rich and Strange
Covenant Garden Cinema
3D Programme
National Film Theatre

After the blockading battle of the Car and Dog of the Animals (AA) and Dog of the Animals (AA) it is particularly glad to see the presence because the film is desperately in need of a focal point to involve the audience directly in its maze of scenes and images. The other performers don't provide one, particularly Margarethe von Trotta who spends a fair bit of time feeling and looking unpleasantly miserable ("If I were happy, I wouldn't mind dying," she says). And while the ideological drift seems clear (towards the people, with whom Sophie allies herself, and away from aloof idealists like Erich), it is presented too dourly to be really persuasive.

its clangorous chord, sudden screeches and snatches of "Dies Irae." At the same time there's much to applaud here—certainly enough to remind one that the director, Elliott Silverstein, once made an indisputable good film, *Car Ballou*, which revelled in the wayward behaviour of its characters. Much of the same feeling runs through *The Car* instead of the cardboard cut-outs one has glumly come to expect, the people are all alive week's grimmest time. Simple engineering skills learned from evolutionary adaptation.

More rich and strange items can be found at the National Film Theatre in an hour-long programme of 3D shorts from the early 1950's, running every weekday at noon (and open to the public) for the next three months, beginning on Monday. 3D glasses are available at the door, and please return them afterwards. For those who can take it, this plunges us back to the heady days when the Festival of Britain and the Coronation heralded a Brave New World—both fancifully highbrow and stolidly patriotic—before the fugitive couple, the pricking of the characters' complacent

where any civilised person should be. Where *The Car* is a cock-walk alone in being alert and imaginatively of course—boringly and needlessly full of there was Asquith and rising. The team includes a talents like Robert Stevenson or bespectacled professor (Richard Card Reed. But Hitchcock was ever ready to soften somehow able to perfect his sub-ject-matter as well as his style, being only rarely cast adrift on the uncoincidental trifles. Rich and Strange has never received the critical and popular attention awarded to *The Thirty-Nine Steps* or *The Lady Vanishes*, yet it emerges to-day as being just as cogent and far more personal.

If more sensible fare is required this week one has to dip into the past. The Covent Garden Cinema in King Street, W.C.2, have a batch of Hitchcocks in their current programme—*Blackmail*, *I Confess*, *Strangers on a Train* and one comparative rarity, the 1933 *Rich and Strange*, made at Elstree by British International, which is completely justified, for many strains in the later Hitchcock are present here in its tentative form—the picaresque adventure unfolding over widely flung locations (as in *North by Northwest*), the concern with illusion and starmaking set off the characters' complacent

visitors were given samples of new devices called stereophonic sound and three-dimensional images, all in an effort to boost realism. The NFT's current selection revives some of the Festival items along with later experiments. Here are Norman McLaren's wiggling and gyrating abstract shapes in *Around is Around*; the sports film *Eye on the Ball* gives us Compton, throwing spoopies and footballers wearing shorts hairy enough to house two pairs of legs. There are documentaries accompanied by precious commentaries which never call the Thames the Thames when they can call it "that historical waterway" or "river of Royal swans."

As a visual experience the film survive only as curios: the live-action material looks much less real than it does in normal films (one always seems to be peering at a model village) and McLaren's essentially footling style leaves the potential of 3D animation still wide open for exploration. But as a dip into history, this programme is certainly one to savour.

Meanwhile, Hollywood continues to enact its Home Front version of World War II with films of humans in normal combat against everything from *Sea Buds* to *Sands*. Two recent double bills: *The*

The sterling qualities of *The Car* will emerge with blinding



Valaska Gert in 'Coup de Grace'

Car and Dog of the Animals. The ear in question is gigantic, black, with orange-coloured wind-downs, no door handles and almost certainly no driver; it lurches noisily through a docile South-western township and environs, moving down hitchhikers, cyclists and law officers—for reasons which no-one spends much time exploring. As a quiet force a team of people varied enough to fill the seats of any dissident aircraft combat a menagerie of irate birds and beasts in the High Sierras, who pounce on them with teeth and claws after exposure to ultra-violet rays. Characters are drawn with laughably broad strokes, from the former football star stricken with cancer to Ruth Roman's divorced Jewish mum who is in Beverly Hills,

clarity if one sits through its support. *Days of the Animals*. Here the clichés are back in force: a team of people varied enough to fill the seats of any dissident aircraft combat a menagerie of irate birds and beasts in the High Sierras, who pounce on them with teeth and claws after exposure to ultra-violet rays. Characters are drawn with laughably broad strokes, from the former football star stricken with cancer to Ruth Roman's divorced Jewish mum who is in Beverly Hills,

Book Reviews are on Page 14

The film concerns itself with the middle-class drabness of the support. Our hero and heroine (Henry Kendall and Joan Barry) are seen enduring a life blighted by routine office work, rush hour travel, awful weather and tedious radio broadcasts ("Mr. Baker will give his twelfth talk on accountancy in three minutes"). But the enough is enough, they decide, and break out from their terraced suburbs, embarking on a world cruise in a less-than-luxury liner. Yet they struggle to keep up the suburban code: at the Folies Bergère in Paris the wife mutters in alarm, "Oh—the curtain's gone up too soon, they're not dressed!" But they soon confront life's hard facts more directly: both drift into romantic complications with other partners, their ship collides and sinks, they are rescued by a Chinese junk and wolf down a meal fashioned—they discover afterwards—from the ship's cat. The couple finally return home more aware of each other, yet still yearning for the old cosy domesticity; being British, their sea change into something rich and strange has been only temporary.

This modest and suggestive narrative is relayed with a kind of impish cinematic

Glyndebourne

Die schweigsame Frau

by RONALD CRICHTON

After the initial success at Dresden in 1935, Strauss's *Die schweigsame Frau* was banned by the Nazis because Stefan Zweig, the author of the libretto, had Jewish blood. Politics, however, have little to do with the opera's failure to establish itself securely in later years. A Covent Garden production conducted by Felpele left no strong impression. Kelsenstein then produced the film in East Berlin, a Salzburg staging under Böhm (the original conductor) is still admirably remembered from 1959. Five years ago Munich brought Strauss's love-child to Covent Garden again. On Wednesday, Glyndebourne added the score to their growing Strauss repertory in a production by John Cox, conducted by Andrew Davis.

One learns to be wary of hasty judgments of late Strauss. So often the torrent of bustle alternating with euphony, the short, faceless themes woven into paragraphs with mastery but exhausting skill, turn out to contain unexpected depth of feeling, unperceived nuggets of gold, shafts of acute characterisation. There are good things in *Die schweigsame Frau*. The "pot-pourri" Overture (Strauss's own description) is a tingling orchestral scherzo, much of the broadly diatonic, sentimental writing for the principal character Morosus is hard to resist. The duets for Morosus and his mock wife, for the girl and her true husband share much the same lyrical vein. There are brilliant, rapid ensembles: amusing, swift parody and sound-painting.

Yet this Glyndebourne performance, excellent in many ways, left the impression of less substantial musical interest than *Capriccio* (whose subject was of vital concern to the composer) and of less brilliance than the autobiographical strip-cartoon that is *Intermezzo* (*Die schweigsame Frau* has autobiographical references too, but they are more remote). I hope in a year or two's time to be able to sit at least half of these words. Meanwhile, the immediate impression must be set down.

To some extent the libretto is to blame. Strauss had been thrown off balance by the sudden death of Hofmannsthal, his former collaborator. Zweig was a competent, willing substitute—too willing, too delighted by the chance of working with the nephew's marriage to an off-singer instead of disinherited him, seem gross as well as likeable.

As a piece of ensemble work (music theatre if you will) Cox's production is up to high technical standard he kept at Glyndebourne. The tribulation of Andrew Davis the London Philharmonic is standing, not least for the in which even the uproar are part of the plot are contained within bearable limits with doing too much damage to text (the work is sung in German). Strauss asks for a not-ously large orchestra—has the been some thinning out? The provides an intriguing glimpse of the 18th century London line—Zweig chose a later pe- than Jonson—evidently at a not far from the Financial Ti- But why a retired admiral sh- like in a poky attic is a P- that remains obscure. Here is: As for the singing, one is distinguish between ensemble work, which went the first night with remark- ease and liveliness, and s- less than successful cas- Richard Cross, the second staff last season, sings Mor- for the most part very well, this is a character— drawn who can rage and ex- culate and also radiate delig- contentment. He needs an- features. Mr. Cross in- respect is about as expres- as the back of a bus. As coloratura Aminta, nepl- wife and mock bride to Mor- pretty Janet Perry will doubt blossom when she- her top register, as she beg- do in the last act. Here is: Pruet's nephew Henry, es- dry and unlyrical, also impr- As the Figaro-type barber, I- Gottlieb gives the most st- assured performance of evening.

The Entertainment Guide is on Page 8

great man to pull him up and control him. He gave Strauss what he wanted in the form of an opera buff, librettist, Hofmannsthal in his superior super- sensitive way knew that just a little of what he fancied served Strauss better. Zweig surely went wrong in allowing Morosus, the retired admiral who cannot endure noise, to be (apart from extreme irritability) a harmless character with a va- reason for his mania, his ear-drum having been damaged in a maritime explosion.

The opera, of course, is based on the old story of the silent woman who turns into a shrew the moment she has landed a husband. Zweig took it from Bert Jonson but it goes far-ther back than Jonson's day. It is padded out here with hoary theatrical contrivance: an Italian opera troupe useful for donning disguises, including what is surely among the hoariest and least barely relevant; we learn since Morosus a Don Pasquale drawn at full length is a nice old fellow, the pranks played on him to force him to accept his

Elizabeth Hall

Sanskritik

by MAX LOPPERT

The 7th Festival of the Arts of India has almost completed its London programme. If Wednesday's recital, fourth at the Elizabeth Hall this month, was typical of the whole, then the 1977 enterprise has been scarcely eye and ear as poetically as in seasons past.

The evening was a great festive pudding stuffed with pluses, exotic spices and heady liqueurs—digesting it all proved as strenuous as it was delicious. In the second half the succession of three substantial slices of dance, representing the "Great Schools" Orissi and Kathak schools respectively, was perhaps excessive in its generosity—or else it was the ordering of the ingredients that was at fault, not the quantity.

In any event, the three dancers were each spell-binding virtuoso with the power to compel the audience's "only half-comprehending eye through long numbers. The Orissi dance, "closely simulating the exquisite sculptured figures and friezes of the great temples of Orissa" (in the words of the useful introductory brochure published for the festival) was new to me; the dancer, Shakti Prasad, com- plete mistress of an antique, the scripted kind of coquetry verging on the bizarre, was at her most

dancing in an allegorical dance mime moving from pose to delicate, fleet movements.

The purely musical items were kept for the first half. These consisted of a long, enchanting, melancholy solo raga for the singer Naina Devi; and a "composite" raga in which singer-pianist (Lakshmi Shankar), violin, shehnai (an Indian relative of the oboe) and flute matched and alternated passages of intricate melody. As samplers of the wealth of Indian vocal music, the pieces were heard to great effect—though such was the artistry of all the performers that it was a deprivation not to encounter each at greater length.

But then, the intention of the festival is presumably as much introductory and didactic as festive; once caught up in the richness of all the arts on display, the newcomer is tempted to follow up individual or special in-terests later. The purpose is admirable; and its only relatively unhappy note (apart from those in transmitted from time to time by the inevitable amplification) was the appeal for money by the Centre of Indian Arts, the plebeian organisation on which the festival is based, is more urgently worded than ever.

Orchestral Masses at St. Paul's

This year there are five Sundays in July and, as has now become the custom, Holy Communion will be celebrated at 11.30 a.m. under the dome of St. Paul's with special music, sung by the Cathedral Choir, accompanied by St. Paul's Chamber Orchestra on the first four Sundays and by the organ on July 31, when Kodaly's *Missa Brevis* will be sung.

Haydn and Miss Brevis in 194

Haydn and Miss Brevis in 194 by Mozart, respectively.

Amanda Barrie for 'Donkey's Years'

Amanda Barrie takes over the only female role in *Donkey's Years* at the Globe Theatre on July 18 as Michael Frym's comedy enters its second year.

Roger Hammond also joins the cast which includes Paul Edgington, Ian Hoeg, John Quigley, John Quentin, Michael Rothwell, A. J. Brown and Christopher Northey



Judi Dench and Donald Sinden in the Royal Shakespeare Company's production of 'Much Ado About Nothing' which opened last night at the Aldwych

Soho Poly

The Friday Murder

by MICHAEL COVENY

This deft lunchtime two-acter by Benjamin Kuras portrays the inability of a former SS captain to stone for his part in the extermination of six million Jews during the War. Having lived as a rabbi in Golders Green for 25 years, the guilt-ridden Freitag summons a Jewish inspector from Scotland Yard to investigate: murder he himself has committed; the off-stage body is that of the SS captain who ordered Freitag's beloved Hannah to the gas chambers. Freitag had joined the SS merely to make sure that she was not sent, ordering the death of 200 prisoners a day, only concerned that Hannah was not among them.

He now wants to be sent to Israel and be tried for his crimes. Freitag is not Jewish, but his years of role-playing have resulted in an unmistakable Jewish manner, and his worn-down, penitential outlook is superbly caught by George Pravda. Mr. Kuras, who came to this country from Prague in 1968,

writes excellent dialogue, but most of the play's energy is concentrated in the incredulous outbursts of the inspector, nicely played by Wolfe Morris. There is a fine Jewish feeling to the end. With his menorah, skullcap and long dressing gown, the madness of Freitag is the impossibility of ever measuring a slow-burning guilt against the frightful atrocities he perpetrated for his short-term personal happiness. And the play amply demonstrates how the events of the past can live interminably on the hearts of history's survivors in the present.

'Houses and Museums Fund'

Lord Donaldson, the Minister for the Arts, has said that he hopes the Government would eventually start a Houses and Museums Fund to enable museums and art galleries to be built up in the nation's country houses.

Lord Donaldson was speaking at the Lake District Museum and Art Gallery, Abbot Hall, Kendal, where he was opening an exhibi-

Bush

Happy Birthday, Wanda June

by B. A. YOUNG

Kurt Vonnegut's comedy is too self-indulgent to be a really good father to have been the greatest man who ever lived. One suitor, the Herb the vacuum-cleaner salesman, is on his side, though his own achievement is devoted to excellent production under Dusty Scouts and Little League base- ball. Norbert, the other, is a doctor, and believes (with the last silly joke has been taken out. Not quite first-class, then; but thoroughly entertaining, and bearing a theme well worth attention.

The play is a prolonged send-up of the all-male hero whose rating in the public eye, based on the number of lives, human or animal, he has ended. Harold is Ryan is from the same mould as Ernest Hemingway, and Bill Hughes' direction, the end has muscular frame, plays him with an appropriately "legendary" look. Ryan, when the play begins, has been missing for eight years after a plane-crash in the Amazon rain-forest, and her little girl, over on her birthday eve, but it is not only Penelope) has two suitors and a child's view of Paradise, for young son.

Graham Fletcher, believes she is sharply played by Harper, and has much to show us about the pro- of being a legendary hero's Richard Parmentier is base- mented Boy Scout Herb Pruet's nephew Henry, es- reveals unexpected courage he confronts Ryan after a forgivable act of bullying the acting indeed is pretty and the American accent convincing. The set, a living-room hung at every sible point with the be- hide of some dead animal nice design by Tanya Mc-

The Bells of Hell

at the Garrick

Tony Britton, Peter Thorpe and Phyllida Law the cast of John Mortimer's comedy *The Bells of Hell* which opens at the Garrick Theatre on July 27.

It will play at the Riel Theatre on July 18 for one before coming to the Wes-

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Apel sees currency unrest if U.S. deficit continues

BY JONATHAN CARR

BONN, June 30.

THE WEST German Finance Minister, Herr Hans Apel, has expressed concern about the "serious dangers" of monetary instability resulting from a high, continuing U.S. current account deficit.

Speaking to foreign bankers in Frankfurt, Herr Apel noted that in contrast to the early 1970s, the system of floating exchange rates had largely protected the world from sudden, unpleasant monetary shocks. Nonetheless, a steady fall in the dollar would ultimately bring about serious world-wide currency unrest.

He said the interrelationship of these factors—energy, deficit and the dollar—had again fallen on the Frankfurt exchange, this time to D.M.24, its lowest level so far this year.

Herr Apel devoted only a few minutes to his address in the American trade and currency

problem. However, his Ministry warned against underestimating the situation that the Minister's brief public remarks indicated he thought little of suggestions emerging from the Bank for International Settlements that the International Monetary Fund should simply renege itself through the private banking sector.

But he did favour a non-institutional co-ordination of the IMF and the banks in providing credit. Important here was to improve the detailed information of the banks on the indebted country, so that they could better assess the risks involved. It was worth examining, Herr Apel said, whether the IMF and the World Bank could supply added data to the private banks—while not breaking the confidence without which their own work could not be carried through.

Western newspaper sales have barely risen in Eastern Europe since Helsinki

Better Red than well-read

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

THE HELSINKI Declaration, which included clauses on the freer flow of information between East and West, appears to have done little to increase the low sales of western newspapers in Eastern Europe. In fact, the evidence suggests that the Soviet bloc has made only token increases of its imports of the western publications with an eye to the present review conference in Belgrade.

By contrast, sales of Soviet newspapers in Britain have risen sharply. Though there were no restrictions on importing them before Helsinki, the Declaration appears to have raised interest in the Soviet Press.



Sales of major Soviet newspapers and periodicals in Britain.

	Subscription copies		Open sale	
	1976	1977	1976	1977
Pravda	190	237	20	25
Izvestiya	120	145	15	25
Ekonomicheskaya Gazeta	65	84	15	18
Literaturnaya Gazeta	175	163	15	15
Total	550	624	65	83
% rise over 1976		13		

Figures exclude purchases of Soviet Embassy and Trade Delegation. Open sale figures are estimates. Source: Collets Holdings

Czechoslovakia and Hungary to import fewer newspapers, mainly because of a marked back of orders for Le Monde. This is surprising in view of Hungary now serves its people best by being the only country to offer one copy to fewer than 10,000 people.

Poland was the only country to carry unfavourable reports about East Europe. As to which western papers have benefited from the pattern in imports, the biggest gain was among the newspaper sales surveyed by Corriere della Sera (29 per cent), but its circulation in East Europe remains small.

The Financial Times raised sales by 12 per cent, and East Germany remains the conspicuous exception to the German indifference to western press. The London Times sales rose 6 per cent, and the Herald Tribune traceable increase was an order for a single copy of the Herald Tribune.

Although the East bloc does not import far more newspapers, and periodicals than it exports, all to the West, it has yet to stantiate this with figures. In other words, returns from Collets, main British importers of Soviet material, show a marked rise in sales of major newspapers.

It is noteworthy that the East bloc is expensive (often over the equivalent of 50p a copy) and 5p. That suggests that the out of date. Supplies can also be erratic, especially if editions from Moscow.

New Portugal strike law bans lock-outs

BY DIANA SMITH

LISBON, June 30.

THE PORTUGUESE National Assembly has passed a law which bans lock-outs during a strike, during which opponents to the ruling Socialist Party accused the Government of letting itself be "dragged to the left."

Only Socialist and Communist deputies voted for the law, the Socialist PSD and Communist PCP.

Portuguese workers who are still arriving daily from the country's former African colonies will from today receive a resettlement grant instead of being housed at public expense, the Government has decided. It reports that 700,000 refugees are believed to have arrived in Portugal.

Written notice must be served 48 hours before a strike, to management and to the Ministry of Labour. This period was criticised by opponents of the strike bill as being excessively short.

CDS criticism of the new law described it as the product of a "whodunnit" wedding of the Socialists and Communists with the baton and the Socialists playing the tune.

Fitzgerald likely to lead Fine Gael

BY DAVID LASCELLES

DUBLIN, June 30.

Dr. Garret Fitzgerald, Ireland's outgoing Foreign Affairs Minister in Mr. Liam Cosgrave's defeated Fine Gael-Labour coalition Government, now seems certain of succeeding Mr. Cosgrave as leader of the Fine Gael Party, writes David Lascelles.

Following Mr. Cosgrave's decision a week ago to step down, members of the Fine Gael Parliamentary party vote to-day to elect a new leader.

The Labour Party is simultaneously holding its own leadership election as Deputy Premier Brendan Corish announced last week-end that he too is relinquishing his party post after almost 18 years. But the outcome of the Labour leadership struggle is still far from certain, with Mr. Michael O'Leary, the outgoing Minister for Labour, and Mr. Frank Cluskey, Parliamentary Secretary for Social Welfare, still neck-and-neck.

Both leadership elections are overshadowed by the imminent takeover of Government on July 5 of Mr. Jack Lynch's Fianna Fail Party, which on June 16 ousted the coalition after one term in power in a general election landslide. The result of the Labour leadership battle is, however, being keenly awaited in Dublin's political circles as it will determine the two coalition parties' cohesiveness in opposition.

Kadar for talks in West Germany

BY PAUL LENDVAY

VIENNA, June 30.

HUNGARIAN Communist Party leader Mr. Janos Kadar begins a four-day official visit to West Germany on Monday, his second within less than a month to a NATO state. He visited Rome earlier this month.

Mr. Kadar, who is also a member of the Hungarian presidency, will discuss East-West relations and the expansion of Hungarian-West German economic, technical and cultural co-operation with Chancellor Helmut Schmidt. Reports in the controlled Press in Hungary indicate that Mr. Kadar will be pressing for easier access for Hungarian exports to West Germany, the country's single most important Western trading partner.

West Germany alone accounts for a quarter of Hungary's entire Western trade. Trade exchanges showed an almost five-fold increase to D.M.2.6bn. between 1965-1976. However, the Hungarians, faced with a large trade deficit, complain that 25 per cent of their exports are hampered by quota restrictions and a further 25 per cent by protectionist farm policies of the European Economic Community.

Spain and EFTA

Spain and the seven member countries of the European Free Trade Association (EFTA), yesterday concluded an initial round of negotiations in Geneva for a trade agreement to end discrimination against each other's industrial exports, officials told Reuters.

A spokesman said the talks aimed to put trade between Spain and EFTA on the same basis as that between Spain and the European Economic Community.

Under the West European free trade system, which comes into force to-day, most industrial products traded between the 16 member countries of EFTA and the EEC are exempt from customs duties.

Basques delay march

A Basque "freedom march" due to start on Saturday to back demands for regional autonomy and a full political amnesty has been postponed for a week, its organisers told Reuters yesterday in Bilbao. They said they needed more time to make arrangements.

More Polish cars

Poles will be able to buy new cars almost immediately with local currency from next week by paying extra, the party daily Trybuna Ludu reported yesterday. Reuters reports. The newspaper said that initially 2,000 Polski Fiat 126s rising to 3,000 after three months, would be available each month under the new "express sale" system.

Fiat executives shot

Two Fiat car company executives were wounded and a nightwatchman was found shot dead yesterday in gun attacks which followed a spate of bombings. Reuters reports from Rome. The executives, one of whom was seriously wounded in the stomach, were shot in Turin and Milan. The Red Brigades, Italy's most notorious guerrilla organisation, claimed responsibility. The nightwatchman was found dead on the outskirts of Florence near a car containing explosives. Police believed he stumbled on a gang preparing a bomb attack.

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The Annual General Meeting of shareholders was held on May 24, 1977 and approved the accounts for the 1976 financial year which compared to the year 1975, appeared as the best recorded to-date by the Bank.

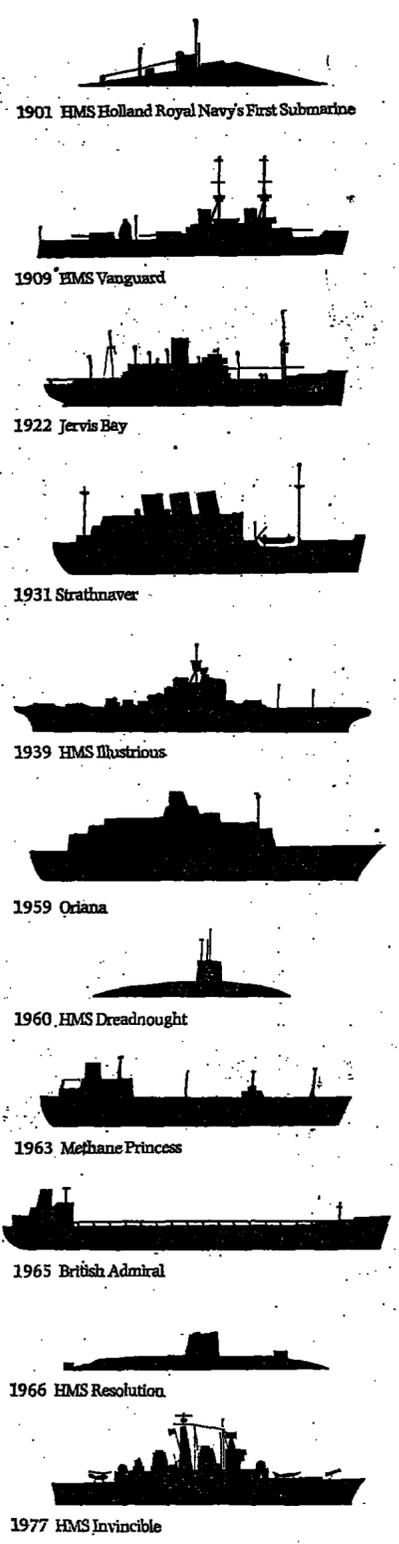
Net profits, after tax (Frs.47.4 million including Frs.2.8 million exceptional tax) depreciation and reserves which reached a high level, totalled Frs.38.8 million.

The December 31, 1976 balance sheet amounted to Frs.14,100 million.

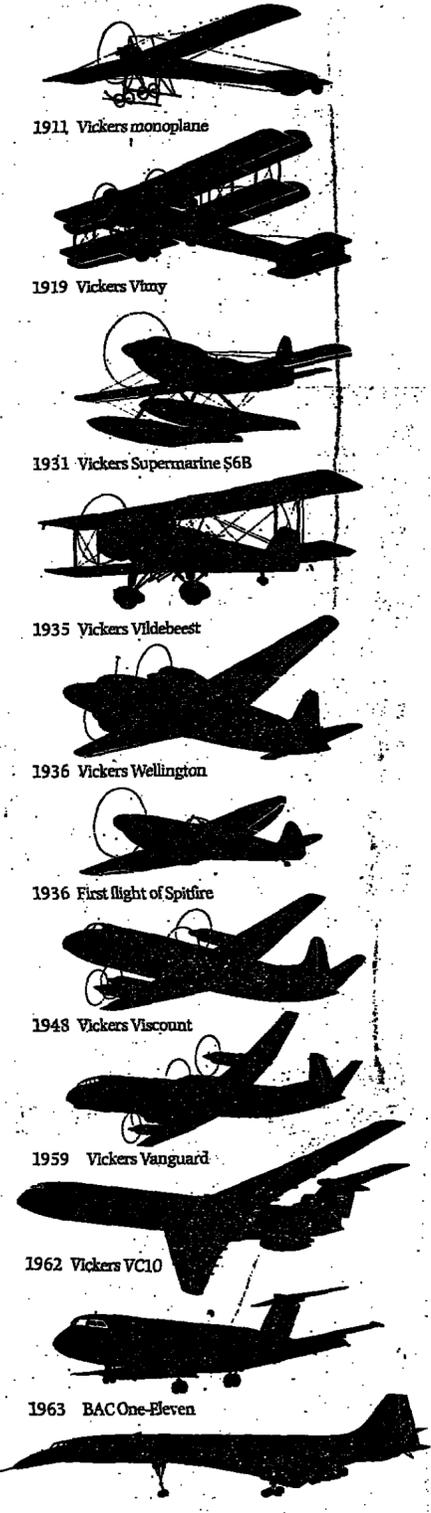
The terms of office as directors of the State Bank of the USSR, the Bank for Foreign Trade of the USSR, Messrs. Guy de Boysson, Chairman, and Jean Braum were renewed. Mr. Jemmy Boer, former Manager of the Bank, was appointed Director of the Board to replace Mr. Henri Joly, Director, who died in 1976. The Board also includes Messrs. Vladimir Ponomarev, Vice-President, and Gilles Peillon, General Manager.

At the end of the General Meeting which decided to transfer to reserves the 1976 profits, the Board of Directors, according to the authorisation granted by the Extraordinary General Meeting of May 14, 1975, increased the Bank's capital from Frs.250 million to Frs.300 million by incorporation of reserves.

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1911 Vickers monoplane
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 1931 Vickers Supermarine S6B
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 1936 Vickers Wellington
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 1976 BAC Concorde enters airline service

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AMERICAN NEWS

The Financial Times Friday July 1 1977

THE DROPPING OF THE B-1 BOMBER

Goliath makes way for David

BY DAVID BELL IN WASHINGTON

PRESIDENT Jimmy Carter's unexpected decision to abandon the B-1 bomber, which would have been the world's most expensive aircraft, marks the coming of age of the Cruise missile—the versatile little David in a world that the U.S. Air Force hoped would be dominated in the next 20 years by its new Goliath.

Mr. Carter's decision is a major defeat for the Air Force and more important, for Rockwell International, the nation's tenth largest defence contractor, which believed until the President's news conference to-day that it would get the contract, which would have been worth up to \$2.4bn, for the bomber.

As a result of the abandonment of the aircraft—although research and development work will continue—some 70,000 jobs in 46 states will not be created. Congress, well aware of the political significance of these jobs, voted only yesterday to continue funding the bomber, and a major outlay now being expected from Capitol Hill.

The President however, brushed this prospect aside to-day and outlined five main reasons for his decision. These included the possibility that the cancellation might help the current strategic arms talks with the Soviet Union; but it was clear that the major reason for Mr. Carter's decision was his own conviction that the Cruise missile is the weapon of the future.

The President said that the B-1 had been begun before the evolution of the Cruise into a very successful weapon. At the same time, the later models of the B-52 would be able to continue to operate until well into the 1990s and would be ideally suited to carry air-launched Cruise missiles which would become very versatile "stand off weapons." There is always the further possibility that the B-52s may be modified and strengthened even more.

Thus the so-called defence triad, the combination of air-launched Cruises, and land-based intercontinental missiles and submarine-launched missiles, which has formed the traditional basis of the U.S. defence, will be maintained. If relations with the Soviet Union were to "deteriorate badly," which he doubted, the President said the B-1 could always be resurrected.

Hawks on Capitol Hill, or the B-1, low-flying dead duck. Christopher Coombes

Mr. Carter said that about 600 miles, would be sufficient for the air-launched Cruise to be carried as a stand-off weapon—that is one transported in aircraft that do not infringe Soviet airspace but wait just outside it to fire their missiles if need arises. However there will be many in Congress who may object to the limitation on the air-launched missile.

The President extended an olive branch to such objection by saying that the United States does not believe that the air-launched Cruise should be included in the total of "MIRVed" weapons to be agreed by both sides as part of an overall settlement. This MIRV figure (for Multiple Independently Targeted Re-entry Vehicles) is another contentious part of the current SALT talks.

Mr. Carter must however know full well that the Soviet Union is not as anxious to face the B-1, will not react favourably to the emergence of the Cruise into the full light of day. Nor will the Russians be happy that Mr. Carter apparently deliberately did not mention the other versions of the Cruise, whose deployment the Soviet Union is much more anxious to see.

But if the Russians can take comfort from what they may regard as a limited victory, the same cannot be said of the

Rockwell, which last year had a 32 per cent. increase in defence contracts which totalled \$968m., has always argued that it could survive if cancellation of the B-1 contract. Last December, Mr. Robe Anderson, the company's president, said that "substantially a costs are indemnified" if the project is cancelled. He also gave a glimpse of what the company might have expected in the past few years. He said, "If the B-1 had gone ahead, by 1975, he said, the bomber might have yielded Rockwell as much as \$1bn. a year in sales and \$1 share in annual earnings.

Questions

But the President's news conference left several questions unanswered. Mr. Carter referred only to air-launched Cruise missiles, even though his Defence Secretary and presumably he himself set much greater prospects for the "naval and land-based versions of the Cruise missile, whose ground-laying ability and long range give it an important edge over its competitors.

More important, but closely related, is the fact that negotiations about SALT, as the President admitted to-day, are concentrating on Soviet attempts to limit the range of the air-launched Cruise. The President

U.S. stresses commitment to relations with China

WASHINGTON, June 30.

THE CARTER Administration is going to some lengths to stress that, under the terms of the American people no longer face each other with the hostility and misunderstanding and virtual complete separation that existed for two decades.

"We consider friendly relations with China to be a central part of our foreign policy," he stated.

Both the President and Mr. Vance accepted the view, embodied in the Shanghai communique, that there is one China. But Mr. Vance also urged Peking to show reciprocal interest in improving relations with the U.S.

Mr. Vance also referred to the existence of current constructive talks between Chinese and U.S. representatives. The President, however, said this morning that these exchanges were essentially confined to laying the groundwork for Mr. Vance's visit

relations with Peking. He noted that, under the terms of the Shanghai communique, the two sides were to resolve their own differences.

He also observed that there were other countries which managed to maintain full diplomatic ties with Peking and fruitful commercial ones with Taiwan.

He hoped that the U.S. would be able to ensure that the latter would be able to remain in peace.

Mr. Vance, who is to visit China in late August, broke new ground in his speech, probably because the current foreign policy review of Asia is not yet which the State Department completed.

But the tenor of his remarks Mr. Carter skirted around the was clearly designed to emphasize to Peking U.S. willingness would have to abandon its to find a way to establish full defence commitment to Taiwan relations. He acknowledged that in order to open full diplomatic considerable differences persisted

Tax reform plan may be held up until 1979

WASHINGTON, June 30.

Mr. Michael Blumenthal, the U.S. Treasury Secretary, said tax reform proposals being prepared by President Carter probably will not be effective before the 1979 year, Reuters reports from Washington.

Since the proposals will not go to Congress until late summer, there is little hope the programme can be enacted before well into next year, he said. Reforms likely to be included would affect the standard deduction, and the Domestic International Service Corporations (DISC) system which exempts certain overseas corporate income from U.S. taxes.

Senators back policy on Israel

WASHINGTON, June 30.

PRESIDENT CARTER'S comment to-day, that Israel and the U.S. should suspend further public comment on each other's positions until Mr. Menachem Begin, the Israeli Prime Minister, comes to Washington, coincided with a letter to the President from nine key Democratic senators.

At his Press conference, the President said that the main outline of the U.S. view on the Middle East is now well enough known, and that very little could be gained by going over the ground again in advance of Mr. Begin's visit on July 19. He said that he was looking forward to this with "great anticipation" and that whatever hard choices Israel had to make, U.S. support for Israeli independence remained as "pre-eminent" as it had always been.

Mr. Carter's remarks came in response to questions about charges by Sen. Jacob Javits and others that the Administration is pressing Israel to the wall, and trying to impose a Middle East settlement heavily biased in favour of the Arabs. Mr. Carter rejected this criticism to-day and said that it was important that the problems of the area—and the conflicting views held about them by both sides—should have been fully discussed.

Meanwhile, a group of Democratic senators came to the President's defence with a public letter to the White House, although its wording was in subject of much argument on Capitol Hill before it was sent.

Among the signatories of the letter was Senator Robert Byrd, the majority leader, and Senator Hubert Humphrey. They told Mr. Carter's remarks came in your efforts to help Israel and a plan for a timetable or a peace response to questions about genuine and lasting peace."

However, the letter stopped short of endorsing the details of the Administration's policy and confined itself to observing that the President was correct in pushing for a settlement which would include "the establishment of mutually accepted and secure boundaries recognised by all," and "a fair and permanent solution to the problems of the Palestinians in a way that will contribute to a lasting peace."

This delicate phrase was in itself perhaps a warning to Mr. Carter that even his closest allies in Congress are determined to make sure that Israeli interests are safeguarded. The senators' note also endorsed Mr. Carter's view that peace cannot be imposed from outside and that the U.S. does not intend to present the nations involved with a timetable or a peace plan.

Argentine rail rationalisation

By Robert Lindley

BUENOS AIRES, June 30.

LARGELY by the anticipated pensioning off of staff this year, the Argentine State Railways will begin 1978 with a personnel of 131,000, fewer than the railways had when they were owned by the British, before 1947.

The President of the Argentine State Railways, retired Army Gen. Tomas Jose Caballero made this announcement in a conference at the railways' headquarters here. He said that the drive to rationalise the railways, which cost the Treasury \$775m. in 1974 and \$655m. last year and, Gen. Caballero estimates, will cost the Treasury \$525m. this year, continues with the whittling of 15,000 from the personnel in 1977, about 10,000 of them by anticipated pensioning.

Carter foresees Panama Canal treaty shortly

WASHINGTON, June 30.

PRESIDENT CARTER said to-day that the United States and Panama have reached agreements on most major issues of a major effort, we can have co-Panama Canal negotiations and firm by Congress.

"The major questions that were identified at the beginning, have fairly well been concluded. One of the disagreements at this point is on the payment of portion of tolls from the Panama Canal and the exact financial arrangement," the President said.

That is one of the remaining issues now being negotiated in Washington between the two countries. The points on which an agreement has been reached in the interim date for the treaty—December 31, 1979.

Black Panther plan

Huey Newton, the American Black Panther leader, says he was framed by the Central Intelligence Agency and will return to California in an attempt to prove his innocence of a murder charge. UPI reports from Toronto. "It's clear the CIA and other police authorities directed most of their energies to crush the Black Panther party and its leadership in particular," Newton said.

Paper wage pact

International Paper Company said a new two-year labour agreement has been ratified by joint group unions representing about 10,000 of the company's hourly-paid employees in 10 ship and paper mills in the south. Reuters reports from Jackson, Mississippi.

The company said the new agreement provides for a two-year contract with a 10.5 per cent. wage increase on June 1, 1977 and a further 10 per cent. rise on June 1, 1978.

Chrysler prices up

Chrysler Corp. is raising prices on average 4.7 per cent. on a substantial number of replacement parts for its cars and trucks. AP-DJ reports from Detroit.

The increase follows similar boosts put through by General Motors (GM) Corp. and Ford Motor Company earlier this year. None of the car makers publicly announced their higher prices but confirmed them in response to questions. All blamed rising costs of labour, materials and freight.

Concorde success

Air France's Concorde service between Paris and Washington has proved so popular, the airline said in London yesterday, that daily flights are to be introduced from July 11. Since the service was started on a three-weekly basis in May last year, the average load factor has been 70.1 per cent. but on an upward trend, reaching 83.1 per cent. in May, 1977, and 83.9 per cent. in June.

Somalia attacked

The PAC

West to supply give arms to

Tough 1

سكرا من القطن

هكسان

OVERSEAS NEWS

Assad says Israel is planning a blitzkrieg

By Ihsan Hijezi
BEIRUT, June 30. PRESIDENT Hafez Assad of Syria... published here today that he would like to withdraw his troops from Lebanon as soon as possible and have them stationed instead on the Golan front with Israel.

He told the daily Al Anwar that the Lebanese Government in Beirut was preparing for a 'blitzkrieg' against the Arab states to fulfil its dream of setting up a 'greater Israel' at Arab expense.

The Arab, he said, 'must understand these facts and all their conflicts so they may face the danger as a united front.'

Under the circumstances, he said, 'it is not at all in our interest to keep our forces spread in Lebanon, especially now that we need every soldier so he may perform his duty on the front.'

Syria has about 30,000 soldiers in Lebanon making up the backbone of the Arab League's peace-keeping force which was sent here seven months ago to end the civil war.

There is a consensus that if these troops should leave now, Lebanon would plunge into civil strife.

President Assad said his forces will not stay one day after President Elias Sarkis of Lebanon decides that they should leave.

Advocating greater Arab unity, Mr. Assad said: 'We must be convinced that this is right.'

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His talks begin on Friday morning with M. Louis de Guiringaud, the French Foreign Minister.

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Somalia denies having attacked border post

BY JAMES BUXTON

SOMALIA has strongly denied Kenyan claims that 3,000 Somali troops attacked a border post in northern Kenya last Monday. A Kenyan Government statement claimed that six Kenyan policemen and six Somali soldiers were killed in the incident, which was said to have taken place at Bamu, near the Kenyan border with Somalia and Ethiopia.



A spokesman in Mogadishu, the Somali capital, said yesterday the allegations were baseless and that relations between Somalia and Kenya were 'improving day after day.'

The spokesman pointed out that Bamu is near the Ethiopian border and said that the attack clearly came from the Ethiopian side.

Kenya however yesterday told the ministerial meeting of the Organisation of African Unity in Libreville, Gabon, that 3,500 men in Somali uniforms had invaded the northern region, followed by a further 6,500 men next day, and said that Kenya's territorial integrity was threatened.

Somalia regards the Northern Frontier District (NFD) of Kenya as part of Greater Somalia since it is largely inhabited by Somalis.

Kenya became independent in 1963, there was sporadic guerilla fighting in the area which led to an accord between the two states in 1967.

Since then the border region has been fairly quiet and relations between the two countries have improved.

Kenya regards Britain, the former colonial power, as responsible for most serious incident to arise from the hostility between the two states, but community employees have been allowed to cross the border after receiving special permission from the Tanzanian authorities.

Some Kenyans, however, complain of harassment from the Tanzanian authorities, and have been ordered to vacate their homes in Arusha by midnight.

Kenya's Permanent Secretary in the President's office, Mr. Geoffrey Karithi, said Kenya would take over the services at present run by the community in this country.

This does not appear to affect the railways, which are already separated from the Tanzanian and Ugandan railways, or the harbours, as there are now separate organisations for the seaports in Kenya and Tanzania.

The Post Office still operates under the name of the community, but its three regions finance themselves and work virtually independently.

Kenya has already taken over the civil aviation and meteorological services formerly operated by the community.

Now the Customs and Excise Department, the largest still under community control, is likely to follow suit.

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Yacht crew goes to jail

MOGADISHU, June 30.

TWO EUROPEANS and a South African were today sentenced to one year imprisonment each for illegal entry into Somalia, and a Dutchman was given a two-year sentence, after their trial here.

All four were acquitted on espionage charges, for lack of evidence, but were fined on the illegal entry charge, brought after their yacht, Julia II, ran aground near Hafun, Northern Somalia.

George de Neef, the Dutch skipper, was fined 12,000 shillings (£1,110) and jailed for two years, Jane Wright, 20, from Britain, Charlene Hollis, 23, of South African and Walter Derin, 33, from Switzerland, were each fined 10,000 shillings and jailed for a year.

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The EAC is dead, says Kenya

BY OUR OWN CORRESPONDENT

NAIROBI, June 30.

THE EAST African Community is dead, Kenya Government officials say, because neither Kenya, Uganda nor Tanzania have provided funds for community services in the new financial year, starting on July 1.

Kenya's working at the community headquarters in Arusha, Tanzania, says it has been instructed to return home.

The Kenya Government says it is making special arrangements to provide transport from the border point at Namanga for the several hundred Kenyans concerned.

The land border between Kenya and Tanzania was closed by Tanzania early this year.

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SEATO hauls down its flags

By Richard Nations

BANGKOK, June 30. THE SOUTH-EAST Asia Treaty Organisation (SEATO) hauled down its flags for the last time today and the most lively event marking the demise of this last retreat for cold warriors in the region was a hectic auction of its office furniture.

The six member nations—the United States, Britain, New Zealand, Australia, Thailand and the Philippines—agreed two years ago to dismantle SEATO in view of the communist victories in Indo-China, and the trend towards détente diplomacy which greatly relaxed the rigid attitudes towards communism current in the early 1950s.

Not all that SEATO stood for will disappear: the 1954 Manila Pact allows any member country to intervene on behalf of another in the event of communist aggression.

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West to support move to give arms to Mozambique

UNITED NATIONS, June 30.

WESTERN powers were today ready to go along with a resolution which would allow foreign countries to pour unlimited military hardware into Mozambique, diplomatic sources said.

The resolution, expected to be approved by the Security Council, was tabled by Third World members last night in response to a Mozambican complaint that Rhodesian forces had committed repeated acts of aggression against it.

The resolution requested 'all states to give immediate and substantial material assistance' to enable Mozambique to strengthen its defences.

But it ruled out any U.N. approval of the introduction of foreign troops.

The sources said that the U.S., Britain and France were poised to agree to the resolution but their individual responses to it had indicated that Washington was not in total agreement.

Paris and London, on ways of handling the situation in southern Africa.

The Third World Council members, heading western objections, amended their original proposal calling on all states for 'military assistance for Mozambique, which could have included troops. They substituted the phrase: 'material assistance'.

On Tuesday, Sr. Marcelino dos Santos, vice-president of the Mozambique liberation movement, told the council, 'our people needs arms.'

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Tough Tokyo line on reserves

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 30.

JAPAN is not prepared to dispose of dollar interest rate earnings on its foreign exchange reserves in the Tokyo foreign exchange market—a suggestion by the United States—Mr. Michiya Matsukawa, the Vice Minister of Finance for International Affairs, said today.

Mr. Matsukawa said that the proposal, informally raised by Mr. Michael Blumenthal, the U.S. Treasury Secretary, last weekend's OECD meeting, conflicted with the principle that the disposal of funds acquired through official channels was a matter for the government concerned.

He also pointed out that Japan had kept the bulk of its reserves in dollars, rather than converting them into gold, precisely because of the lucrative provided by interest rate earnings in dollar assets.

Japan estimates the interest earned on foreign currency reserves at about \$1bn a year. Total annual turnover on the Tokyo foreign exchange market is about \$170-180bn a year, so the channelling of interest rate earnings on to the market would make a small but significant

difference to the supply of funds on the market.

Mr. Matsukawa said it was not true that West Germany disposes of interest rate earnings from its foreign exchange reserves on its local market, although he conceded that German reserves have not grown so inexorably as Japan's have recently.

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The way we are.



In recent years the Vickers Group has attained dominance in many new areas of growth as well as strengthening its position in our traditional engineering fields.

Combining our skills as engineers and innovators with the ability to plan continued growth and finance our own developments. Now we are expanding on the success of the Howson-Algrahy lithographic printing techniques which have already won us markets in over 90 countries.

We are spending over £4 million on a new plant to meet increasing world demand for Roneo-Vickers office equipment such as furniture, duplicators, electronic stencil cutters, postal machines, and a wide range of products to meet the demands of modern business.

We are developing revolutionary new submersibles for undersea engineering and pioneering advanced techniques for exploration in even deeper and rougher waters.

Our technological abilities in engineering were highlighted two weeks ago by a £5 million order from China for 500 tons of complex engineering, which make up a unique tyre, wheel and brake dynamometer. In electronic microscopes and container cranes, bottling lines and nuclear plant in Australia and Canada, and in a host of other activities the story is the same. Progress, world-wide sales, and more export orders for Britain.



Building on strength.

If you would like information about the 1977 Vickers please write to the Public Relations Department. Vickers Limited Vickers House Millbank Tower Millbank London SW1P 4RA

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ON OTHER PAGES

International Company News: Jacques Borel loss forecast. Multi-nationals speed payments from S. Africa. 26/27. Farming and Raw Materials: New Brazil coffee crop estimate. U.S. copper strike fears. 25.

A WORLD TRADE NEWS

U.S. exports depress Swedish pulp outlook

BY WILLIAM DULLFORCE STOCKHOLM, June 29 SWEDISH pulp and paper manufacturers who experienced a profit slump in 1976 can expect a further downturn this year. A sombre report issued by their association shows no improvement in pulp sales and a chequered picture for paper and board.

China needs \$1.5bn. foreign exchange

NEW YORK, June 29. CHINA WILL need \$1.5bn. in foreign exchange this year to meet deferred payments, a series of complex tariff changes and other commitments.

EEC/EFTA Taking down the tariff barriers

BY DAVID BUCHAN BRUSSELS, June 30. TO-MORROW JULY 1 marks the day when the Community's largest trading partner makes essential to exploit the new full free trade zone to the extent of 15 per cent of total EEC imports and 22.5 per cent of total EEC exports.

Special case for Japan urged

BY DAVID HOUSEGO ICOMTE DAVIGNON, EEC commissioner for industrial affairs, warned in London yesterday of indefinite friction between Europe and Japan unless trading policies were harmonised.

Lonrho avoids Arab blacklist

By James Buxton THE Arab Boycott Office has told Lonrho that it will not be blacklisted in the Arab world.

A red letter day for Israel too

BY L DANIEL JULY 1ST is a red letter day on the Israeli calendar. It represents the culmination of two decades of intensive efforts to gain duty-free entry for Israeli industrial products to the European market.

Venezuela aluminium deal

CARACAS, June 30. teresa in Alcala, which is scheduled to raise production to 125,000 tons annually in the next few years.

ENTERTAINMENT GUIDE

Entertainment Guide listing various theatres and their current productions. Includes sections for Opera & Ballet, Theatres, and Cinemas.

Securities Trust of Scotland Limited. A member of The Association of Investment Trust Companies. SUMMARY OF ANNUAL REPORT for year ended 31st March 1977.

ALIDA PACKAGING GROUP LIMITED. SALIENT POINTS FROM THE ANNUAL REPORT 1977. Sales improve 61% to new record. Profits increase to £661,703.

Vertical text on the right edge of the page, including 'part order' and 'company'.

Handwritten Arabic text at the bottom of the page.

هنا من الصل

Leyland goes ahead with £35,000 bus

BY PETER CARTWRIGHT, MIDLANDS STAFF

BRITISH LEYLAND yesterday announced its intention to manufacture its controversial new double-deck bus despite having failed to establish a consortium with its major customers to pay for the vehicle's development.

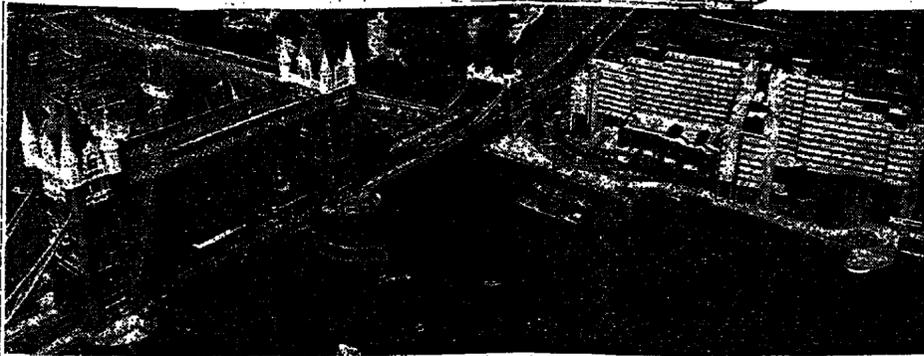
The bus was brought out to the public gaze to try to remove what Mr. Des Pitcher, managing director of the bus and truck division called "doubts and uncertainties" in its price, at £35,000, and its cheaper than its overseas competitors.

Its chief rivals are the Leyland-Sammell Weyman from the Midlands-based Leyland subsidiary, and a vehicle from Volvo in Sweden.

Doubts about the bus come from the Passenger Transport Executives, many of which dislike BL's monopoly position along with the maintenance costs and other problems associated with current models.

Leyland's bus and truck division is also faced with the implications of the Rolls-Royce bid for Ford, which makes it more confident however of the technical and price competitiveness of the B15 and has released details following a £1,000-mile trial period of one of five prototypes with London Transport Executive. The bus will be called Titan. Mr. Pitcher said at a preview at the Motor Industry Research Association's Province Ground near Nuneaton yesterday.

Direct development costs, said Mr. Pitcher, amount to about



Garages compelled to show petrol prices clearly soon

BY DAVID FREUD, INDUSTRIAL STAFF

GARAGES will be required to display petrol prices clearly from August 12 under a Government order announced yesterday by Mr. John Fraser, Prices and Consumer Protection Minister.

The order has been introduced because voluntary measures have not worked. Mr. Fraser said: "There has been only 50 per cent observation. Now that the measures have been made compulsory, we expect them to be 100 per cent observed."

The order will require petrol stations to display prices for all grades of petrol, one of them four-star, must be shown.

Garages will be free to choose to display either the lowest net price alone or a higher price, applicable reduction and the resulting lower price.

Mr. Fraser said it would be an offence to display figures after the decimal point in letters smaller than half the size of the main figures.

The department will also be

Lyons sells its last U.K. hotel

BY DAVID FREUD, INDUSTRIAL STAFF

The J. Lyons food group has sold the last of its U.K. hotel interests, a long leasehold of the Tower Hotel, London, pictured next to Tower Bridge above, for £6.5m. to EMI.

For EMI, the 500-bedroom hotel compares with a total of 900 bedrooms in its five other central London hotels. It said yesterday that it looked for increased business from both City visitors and tourists at the hotel.

J. Lyons took a 99-year lease on the hotel in 1973 and said yesterday that it came into profits by 1976. The head-lease is held by Legal and General Assurance and Taylor Woodrow, which developed it as part of its St. Katherine's Dock development.

J. Lyons spent £4m. fitting out and furnishing the hotel. It was only one of its U.K. hotels not included in a package sold to Trust Houses Forte for £27.5m. at a time when Lyons had severely over-borrowed.

Several offers have since been received for the Tower, with most offers in the region of £10m. Lyons is enjoying high occupancy due to the tourist boom. Lyons retains three Continental hotels, in Paris, Amsterdam and Stenna and at present there were no plans to dispose of these, said the company.

EMI will take on the 700 management and staff of the Tower, safeguarding their pension and other rights.

Its purchase was financed by issuing 3m. EMI shares, placed for cash yesterday at 215p against a market closing price of 220p.

The balance of £110,000 was paid in cash. J. Lyons shares, which had risen to 85p on Wednesday after its preliminary annual figures were announced, slipped to 81p yesterday.

Decline in output of coal worries generating board

BY ROY HODSON

FALLING PRODUCTIVITY in Britain's coal mines is worrying the National Coal Board's biggest customer, the Central Electricity Generating Board.

"We are disturbed by what we see," Mr. Glyn England, the new chairman of the CEBG, yesterday told Yorkshire power station workers.

The CEBG estimates that if coal output continues to fall, a shortage of the lower-cost British coals could develop. Mr. England forecast that even before such a shortage appeared, falling productivity could force a premature coal-price increase.

"I am sure that this situation will be recognised in the coal industry," he said. Last week Sir Derek Ezra, NCB chairman, warned the miners that the coal industry had to solve its basic productivity problems to convince the country that the current spending on the Plan for Coal to raise output was not waste of money.

The CEBG is to raise the coal price issue with the Coal Board, to get maximum benefit from siting its big power stations of the best coals. Mr. England said that the Coal Board's recent action in narrowing the price differentials between different coalfields could invalidate the whole power station construction policy.

The latest coal price increase he said, bore as heavily on York from low-cost collieries in Yorkshire and the Midlands as high-cost production elsewhere.

Gas rebate opposed by Consumers' Council

BY CHRISTOPHER DUNN

AN excess profit made by Gas Corporation should not be given back to the consumer in the form of a rebate, the National Gas Consumers' Council said yesterday. The Price Commission and Taylor Woodrow, which developed it as part of its St. Katherine's Dock development.

Mr. John Evans, director of the watchdog body, said in London at the presentation of the council's annual report, a rebate would "hardly be enough to meet the cost of a night out."

"The excess profits would be better spent on holding prices, or on safety, or in many other areas. He hoped consumers would indicate to the council how they wanted the money spent."

Do consumers really want back the more than £2 or do they want the profit spent on bringing them a lasting advantage?"

Mr. Evans was adding the voice of the council, which required under the Gas Act to be consulted on matters affecting the consumer to the dispute between the Price Commission and British Gas.

The Price Commission claim that British Gas has exceeded reference level of 2 per cent of turnover by £26.8m. and that this profit should be distributed to the consumer, in the same way that private industry must return to excess profit.

"On a turnover of around £2bn. a year, it only needed a couple of days of hard work to turn in these figures," Evans said.

The council's opinion sharply at variance with Ministerial thinking.

Crude oil imports fall £390m. in 3 months

BY RAY DAFTER, ENERGY CORRESPONDENT

IMPORTS OF crude oil fell by about £390m. in the three months to April 30, according to the latest Government energy figures.

With North Sea oil flowing ashore in increasing quantities, refineries are relying less on Middle East crude. Imports dropped by 7m. tonnes compared with the corresponding period last year.

Energy Trends, the Department of Energy's monthly statistical bulletin, does not give the balance of payments saving, but on the basis of \$13 a barrel the drop in imports should have saved the country about £390m.

At the same time, the share of North Sea oil used in refineries increased to more than one-third. In the first four months of this year gross production of U.K. crude was over 10m. tonnes.

Total inland energy consumption, on a primary fuel basis, rose very slightly during the February-April period. After seasonal adjustment, temperature correction the increase widened to 1.7 per cent. However, in April, energy consumption on a seasonal adjusted temperature-corrected basis was over 4 per cent higher.

Although production of oil, cast coal rose by 6 per cent in the March-May quarter, increase was more than offset by a 1 per cent fall in oil output. Total output continues to run below last year's levels.

Inland consumption of power stations nearly 9 per cent higher than a year previous. Gas consumption also creased.

£1.7m. car part order for Brighton company

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE FIRST of the machine tool orders promised by British Leyland's car division has been placed with Kayser and Trecker, Marlow, Bucks.

The order is for a cylinder block casting worth £1.7m. to be delivered in 13 months. It will be used to make 50,000 blocks a year for the new £2.3 and 2.6 litre six-cylinder versions of the Rover 3500.

The three main components of this engine will be made on KTM machines, because contracts for a cylinder head worth £2.5m. and the crankshaft, worth £1m., were placed with KTM some time ago.

The Government has injected £7m. into KTM during the past five years.

Leyland Cars is in the process of signing orders worth a further £10m. It has assured the machine tool makers that over the next month or two around £20m. of orders will be completed.

The representatives of the machine tool, "Little Noddy" who met Lord Ryder at the National Enterprise Board to discuss the position last week came away with the impression that Leyland's position is a temporary aberration in the figures and did not indicate a reversal of the underlying upward trend.

The latest survey of investment intentions by the Department published at the beginning of June, indicated that expectations had been substantially revised downward from earlier investment plans.

Volume of investment by manufacturing industry was expected to rise by about 6 to

Manufacturing industry capital investment falls unexpectedly

BY MICHAEL BLANDEN

THE LEVEL of capital investment by manufacturing industry fell in the first quarter of this year, it is confirmed by the latest Department of Industry figures.

This movement was against the general expectation of a recovery in capital spending. But the Department thinks that the drop was a temporary aberration in the figures and did not indicate a reversal of the underlying upward trend.

The latest survey of investment intentions by the Department published at the beginning of June, indicated that expectations had been substantially revised downward from earlier investment plans.

Volume of investment by manufacturing industry was expected to rise by about 6 to 10 per cent this year, though the survey confirmed the likelihood of a strong upsurge of 20 per cent or more next year.

The revised estimates published yesterday showed that the volume of investment in both manufacturing industry and the distributive and service industries (excluding shipping) fell in the first quarter.

Capital spending by manufacturing industry for the period was estimated at £414m. (at 1970 prices and seasonally adjusted). This was just £4m. higher than the previous provisional estimate, and represented a fall of 2 per cent from the level in the fourth quarter of 1976.

The revised estimate of capital expenditure by the distributive and service industries, excluding shipping, is about £478m. for the first quarter, £2m. higher than

Profits rise continued in June

Financial Times Reporter

FULL reports and accounts received from 173 industrial companies in June confirmed the rising trend in pre-tax profits since the beginning of the year.

Last month's rise in profits of 44.1 per cent, on those of a comparable period a year ago was the second biggest advance this year, the rise of 69.1 per cent in April being exceptional owing to the sharp recovery by British Leyland.

The average gains for the first two quarters were 34.8 per cent and 48.7 per cent, respectively. Furness Withy, Hawker Siddeley Metal Box, Courtaulds, Ever Ready and Sainsbury showed pre-tax profit gains ranging from 52 per cent to 79 per cent. Coats Patons more than doubled its profit.

Dividends cost of the 173 companies increased 13.5 per cent on the previous year, bringing the average increase for the second quarter of the year to 17.6 per cent which compares with the 23.7 per cent rise in the first quarter.

work for investment decisions to enable people to move about with maximum efficiency and minimum cost to the taxpayer.

Anyone reading the White Paper would think that all the transport problems could be solved with a fleet of minibuses and by buying a few new railway carriages.

The White Paper cut the total to be spent annually on new motorways and trunk roads from the February target of £425m. to £380m. At the same time annual spending on bus subsidies was roughly doubled from earlier targets to £150m.

Wholesalers' stocks rose by about £50m. on the same basis as retailers' stocks about £80m.

Prestcold spending nearly £5m. on expansion

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PRESTCOLD, EUROPE'S major industrial and commercial refrigeration group, is to spend nearly £5m. this year, part of an expansion programme planned to go on to the 1980s.

The group is now the major manufacturer of compressors and condensers for refrigeration in the U.K. In May, Frigidaire, the U.S. concern owned by General Motors, gave up making them here and instead is now buying from Prestcold for sale under the Frigidaire name.

Prestcold's sales are forecast to rise by 38 per cent to £61m. this year, of which £13m. will be direct exports and another £48m. from its overseas sales companies.

The forecast is that the return on assets will improve from last year's 16.2 per cent to 20.6 per cent and for profit before interest and tax, to rise from £5m. to £8.5m—a 72 per cent increase. Employment should go up from 3,800 to just under 4,000.

These statistics have been made available to Prestcold employees and a few of the figures in the U.K. In May, Frigidaire, the U.S. concern owned by General Motors, gave up making them here and instead is now buying from Prestcold for sale under the Frigidaire name.

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Industrial management warning

BY DAVID FREUD, INDUSTRIAL STAFF

Britain is likely to end up nearer the bottom than the top of the league of industrial manufacturing nations unless management in manufacturing industry is more professional and effective. This warning is given today by Dr. H. P. Jost, the new president of the Institution of Production Engineers.

Dr. Jost, chairman and managing director of K. S. Paul Products, wants the Government to declare its total commitment to manufacturing an d to recognise the important part played by professional manufacturing management and technology.

He calls for some Government re-thinking and more professional advice for the machinery of Government on major manufacturing aspects.

work for investment decisions to enable people to move about with maximum efficiency and minimum cost to the taxpayer.

Anyone reading the White Paper would think that all the transport problems could be solved with a fleet of minibuses and by buying a few new railway carriages.

The White Paper cut the total to be spent annually on new motorways and trunk roads from the February target of £425m. to £380m. At the same time annual spending on bus subsidies was roughly doubled from earlier targets to £150m.

Wholesalers' stocks rose by about £50m. on the same basis as retailers' stocks about £80m.

Road spending cuts 'will harm industrial strategy'

BY DAVID FREUD, INDUSTRIAL STAFF

THE ROAD spending cuts in the White Paper on transport published at the beginning of June, the Government's own industrial strategy, Mr. Tony de Boer, chairman of the British Road Federation, said at the federation's annual meeting in London yesterday.

"The country needs the right roads in the right place at the right time," he said.

"All we are arguing about now is less than 1,000 miles of new and improved roads to complete the strategic trunk road system."

Britain needed a policy framework for investment decisions to enable people to move about with maximum efficiency and minimum cost to the taxpayer.

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ITV accuses Annan of obsession with duopoly

BY CHRISTOPHER DUNN

THE ANMAN Committee is accused by the ITV companies of "serious misjudgment" in rejecting their application for a second commercial channel, ITV2.

The Committee recommended that a fourth television channel should be established but that it should be allocated to a new authority.

The ITV companies in an assessment of the Annan report on broadcasting say that the new channel is already in existence in terms of wavelengths—like a room in need of an occupant.

The Annan recommendation could lead to major delays and deprive the viewer of a new channel, say the companies.

The companies say there is no doubting that a second-commercial channel would mean a better service, more choice for viewers and more jobs in the industry.

A fourth channel must be complementary to ITV1, and only ITV could finance it and bring it alive.

Although the Annan report was complimentary about the commercial contribution to broadcasting, the application for ITV2 was rejected because of "obsession with the dog in the manger."

The companies say that this objection to duopoly is an expression of distaste for ratings competition. When the IBA and the ITV companies stated that ITV2 would be a complementary channel their assurances "were simply shrugged off."

The Annan report also comes under fire for its statement that the BBC is the main "national instrument of U.K. broadcasting," as it does for its proposition that the BBC alone should have particular broadcasting responsibility in Scotland, Wales and Northern Ireland.

The report by the ITV companies follows a decision by the Independent Broadcasting Authority to ignore the Annan recommendations that a fourth channel be allocated to a new authority. Details of its proposals for an IBA fourth channel will be submitted to the Home Secretary shortly.

Electricity Council profits 'will be substantial'

BY CHRISTOPHER DUNN

ELECTRICITY Council profits for 1976-77 will be "substantial beyond dispute," it said yesterday.

But the Council declined to quote a firm figure for the year, on the grounds that results were still subject to final audit and adjustment.

The statement was made after reports that profits in the last financial year would approach £200m.

Profits of this size could provoke further demands for rebates to be paid to customers. In line with the present controversy over British Gas profits last year, the Electricity Council made net profits, after interest charges of £8.5m. (£5.265m. losses).

Costs during 1976-77 had risen by 1.5 per cent, with increases in electricity charges, the council said.

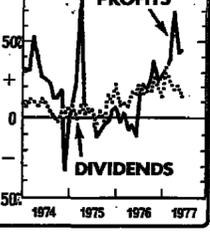
Borrowings would be slightly above last year's figure of £15, but interest charges would be higher. The bulk of Electricity Council loans were for 25 per cent and of this borrowing, now coming up for renewal, higher interest rates.

In addition, the Council continued to invest heavily in the year but cash flow last year, the Electricity Council made net profits, after interest charges of £8.5m. (£5.265m. losses).

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FT business publishing division

BY DAVID FREUD, INDUSTRIAL STAFF

PLANS BY the Financial Times to develop its activities were unveiled yesterday with the creation of a new business publishing division of the company.

The division will bring together the company's principal business publishing interests apart from the newspaper. It is intended to develop its activities "into a significant source of specialist business information publications," the FT said.

Headed by Mr. John Prime, as divisional managing director, it will co-ordinate the publication of the FT's range of yearbooks, specialist business studies and diaries, as well as the magazines, books and services of Fairplay Publications, of which Mr. Prime is also managing director.

Find new oil reserves BNOC may be told

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH NATIONAL Oil Company may be told to look for new oil reserves which can be put into Britain's energy bank. A plan has been considered within Whitehall which would give the State oil corporation sole powers to explore on certain blocks on the understanding that the oil could be left for a number of years.

The Government is trying to formulate a depletion policy which ensures that North Sea reserves are not exploited too quickly in the 1980s and 1990s. At present, the race is on to provide the country with self-sufficiency in oil supplies.

Once this is achieved, in 1979 or 1980, the Government must decide whether it wants to become a major exporter, in the interests of short-term revenue, or gear production to consumption in the interests of energy conservation.

The use of the corporation as a sole licensee is seen as one way of achieving this latter aim. At present, the Corporation is in partnership with other oil companies in all its licence activities.

It is argued within the Corporation and Whitehall that it would be easier to "shut in" a field if shareholders investments were not at stake.

British Gas Corporation, for instance, has the sole interest in an Irish Sea gas field. This discovery may either be left un-

exploited for several years or perhaps exploited only at peak demand.

BNOC has told the Corporation that it could take on Whitehall could give the State oil corporation sole powers to explore on certain blocks on the understanding that the oil could be left for a number of years.

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Rothmans to announce investment plans soon

BY STUART ALEXANDER

ROTHMANS International is to announce a multi-million diversification and investment programme this autumn, Sir David Nicholson, chairman, said in Geneva yesterday.

There is a strong possibility the group will look overseas for investment.

Meanwhile, it will continue to develop Alfred Dunhill, in which it has a 51 per cent holding, including opening five more Dunhill shops in the U.S.

"It is our intention to build up a large international retail chain at the top-end of the market, dealing mainly in men's goods and based on Dunhill," Sir David added. This would be linked to existing activities in writing instruments, toilet goods and sports goods.

He would like to see 40 per cent of Rothmans' profits come from overseas sources within five years. The group had over £40m. in cash reserves and had greatly improved liquidity in the past two years.

At the end of this year, there will be another once-for-all cash boost when end-product taxation cigarettes replace prepaid duty on tobacco leaf.

Property men cleared

BY DAVID FREUD, INDUSTRIAL STAFF

TWO PROPERTY men accused of conspiring over the sale of the 350-acre Tedford stud farm near Billingshurst, Sussex, were cleared yesterday.

But the judge refused a defence application for costs. Mr. Justice Eveleigh said: "However one looks at this case it seems to me that a lack of proper professional standards, to put it mildly, has brought trouble on themselves. I do not think it right in circumstances like that that public funds should bear the costs."

Estate agent Derek Ritchie, 51, of Loves Farm, Wipborne, Green, Billingshurst, and John Guthrie, 69, managing director of Broadland Properties, Scarborough, Yorkshire, denied two counts of conspiring to defraud the owner of Tedford, Mr. David Jackson. Broadland Properties also denied the charges.

The Crown alleged that Mr. Ritchie, who was acting for Mr. Jackson, and Guthrie plotted to keep quiet about better offers on a Broadland bid of £225,000 would be accepted. Later, it was said, the company sold the estate for £406,000.

The jury could not reach a verdict on count one, which alleged that the company, Ritchie and Guthrie, conspired to defraud Mr. Jackson by agreeing that Ritchie should refrain from offering Tedford to any other prospective purchaser.

A "not guilty" verdict was reached on the second count, which alleged that the company, Ritchie and Guthrie, conspired to defraud Mr. Jackson by agreeing that he be induced to exchange contracts with Broadland at a purchase price less than that which Ritchie and Guthrie and Broadland believed to be its true market value.

Five minutes later, the jury returned a "Not Guilty" verdict on the first count.

New motorway

BY DAVID FREUD, INDUSTRIAL STAFF

THE FULL 16-mile M69 Coventry-Leicester motorway will be opened officially on July 12, by Mr. John Horam, Parliamentary Under-Secretary of State for Transport, when the southern section will be open to traffic.

The northern section was opened last December.

BANK RETURN

	Wednesday 1 Dec. 1976	June 29 1977	Dec. 31 1976
BANKING DEPARTMENT			
LIABILITIES	£	£	£
Capital	14,553,000	14,553,000	14,553,000
Public Deposits	12,189,007	12,189,007	12,189,007
Special Deposits	15,550,000	15,550,000	15,550,000
Deposits	571,183,493	571,183,493	571,183,493
Others	741,505,557	741,505,557	741,505,557
Total	2,200,985,057	2,200,985,057	2,200,985,057
Assets			
Govt. Securities	1,842,284,176	1,842,284,176	1,842,284,176
Advanced & Other	207,577,594	207,577,594	207,577,594
Reserves	55,223,286	55,223,286	55,223,286
Other	15,779,999	15,779,999	15,779,999
Total	2,200,985,057	2,200,985,057	2,200,985,057
ISSUE DEPARTMENT			
LIABILITIES	£	£	£
Notes Issued	7,176,000,000	7,176,000,000	7,176,000,000
In Circulation	7,156,289,514	7,156,289,514	7,156,289,514
In Bank's Poss.	19,710,486	19,710,486	19,710,486
Total	14,351,999,900	14,351,999,900	14,351,999,900
ASSETS			
Govt. Debts	1,016,100,000	1,016,100,000	1,016,100,000
Other	13,335,899,900	13,335,899,900	13,335,899,900
Total	14,351,999,900	14,351,999,900	14,351,999,900

New financial glossary on sale

A NEW edition—the seventh—of the German-English Glossary of Financial and Economic Terms is on the market.

It is a reprint of the sixth edition published in 1972, but with a 63-page supplement to bring it up to date. It has a foreword by Lord O'Brien, former Governor of the Bank of England, and further forewords by three successive presidents of the Deutsche Bundesbank.

Prepared by Mr. C. A. Gunston, the Glossary costs £27 (or £22 for the supplement only) and is available from Patria Translations at West Bezington, Dorchester, Dorset.

Sir Monty may head inquiry on engineering

BY DAVID FREUD, INDUSTRIAL STAFF

MR. ERIC VARLEY, the Secretary, is planning to announce next week that Sir Monty Finniston will head Government inquiry into engineering profession.

Sir Monty has been a director of Sears Holdings since he was the chairman of British Steel last year. He trained as a metallurgist and managed engineering search. By virtue of that instance, has the sole interest in an Irish Sea gas field. This discovery may either be left un-

INTERNATIONAL APPOINTMENTS

polyGram

The Dutch-German Polygram Group, an international company represented in 31 countries in the music, TV-Film and music publishing fields is seeking for its international Tax Department a

Tax Manager Tax Assistant

Candidates for this position should be conversant with English and German and have some prior knowledge of tax laws and tax treaties between the European community and western hemisphere countries. Prior experience in the field of international taxation is desirable but not absolutely required. Educational background and a desire to specialize in international taxation is a requisite. Candidates should have a thorough understanding of financial statements and their application with respect to tax law. The minimum educational requirements for the above position is a university degree in either economics or law or the equivalent in work experience.

Please send your application to our Personnel Department, Harvestehuder Weg 1-4, D 2000 Hamburg 13, W. Germany.

POLYGRAM GMBH

APPOINTMENTS

Deputy Managing Director

Resulting from a decision to merge all our overseas activities in a single international entity, we are looking for a person to be responsible for the whole undertaking, embracing mechanical, pipe line, building and civil construction and other group activities.

personal qualities to be considered for this most important appointment, which will be stimulating and rewarding. All applications will be treated in strictest confidence and should be addressed to the Chairman personally: W.C. Turriff Esq., Turriff Corporation Ltd., Budbrooke Road, Warwick, England

TURRIFF

Assistant Audit Manager (D.P.)

Holborn c.£9000

British Gas Headquarters Audit and Investigations Department are looking for a qualified accountant with substantial experience of computer audit to lead and motivate a highly specialised team of qualified staff. A certain amount of travelling is involved and assistance will be provided towards any relocation expenses. The Corporation employs computer audit specialists in each of its regions, and the Assistant Audit Manager (D.P.), reporting directly to the Controller of Audit and Investigations, will be responsible for the continued development of computer audit throughout British Gas.

Please write, with full details of age, qualifications, current salary and experience, to the Personnel Manager (HQ), British Gas, 59 Bryanston Street, London W1A 2AZ, quoting reference F 026201 FT. Closing date for applications 11 July.

BRITISH GAS

SALES EXECUTIVES

Executives required by private company located in Surrey. South London. Excellent opportunities for ambitious representatives who are seeking promotion in sales management. Applicants should have a background in sales together with an above average education. Public school or university would be an advantage. Preferably aged middle/late 20's. Above average salary, bonuses and company car.

Write for interview to: Mr. D. T. Wiggins, Managing Director, PLASTICO MOULDINGS, 5 Wealdstone Road, Sutton, Surrey.

Advertisement for U.K. U.S.A. & Hong Kong, featuring a globe and contact information: 01-439 1701

LEGAL NOTICES

THE HIGH COURT OF JUSTICE, Divisional Court. In the matter of R. & J. LEE BUILDERS LTD and in the matter of the Companies Act, 1947. NOTICE IS HEREBY GIVEN that the winding up of the above company is being ordered by the Court on the 11th day of July 1977.

IN THE MATTER OF POSER FISHER LIMITED. NOTICE IS HEREBY GIVEN that the creditors of the above named company are required to file their claims with the Liquidator, Mr. R. E. FLOYD, at 15 New Broad Street, London, W.C.1, on or before the 11th day of July 1977.

EXPERIENCED MANAGER

required for Kuwait paper and paper converting company

We are a rapidly expanding newly established company (capital: 14 million U.S. dollars) engaged in paper production and conversion for a range of printing and industrial applications. Our customers include the Kuwait Government, who are also our major shareholders, daily newspapers, magazines, printers and industrial companies. Plans for future growth encompass the whole of Kuwait and surrounding countries.

We seek a manager of any nationality who is experienced in the paper and paper converting industry. Terms of the envisaged appointment include a minimum tax-free salary of \$20,000 per annum (depending upon experience), free housing and car.

Please write direct to: The Chairman of the Board, Paper Trading and Industrial Co., P.O. Box 42169, Shuwaikh Industrial Area, KUWAIT, Arabia, giving full personal and career information, experience and availability.

CAYMAN ISLANDS TRUST OFFICER

A leading Trust Company has an opening for a Trust Officer at its offices in George Town, Cayman Islands. Candidates age 25/30 must have previous trustee, banking or administration experience A.I.B., A.I.B.(Scot.), A.C.I.S. or similar qualification desirable. Attractive remuneration and other benefits with fares paid to United Kingdom annually.

Interviews will be arranged in London, Edinburgh and Aberdeen but in the first instance applicants should write by air mail giving full details of experience and qualifications to: THE MANAGER, THE BANK OF NOVA SCOTIA TRUST COMPANY (CAYMAN) LIMITED, P.O. BOX 501, GRAND CAYMAN, B.W.I.

COMPANY NOTICES

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT F.M.C. AGREEMENT 5770. NOTICE TO SHIPPERS AND CONSIGNEES. INLAND TRANSPORT IN IRELAND. The undersigned Member Lines of the U.K./U.S. Gulf Westbound Rate Agreement, wish to announce the introduction of a tariff of rates, conditions and charges covering the transport of goods by air from the Republic of Ireland to the United States of America, in the West Coast, Florida, to Brownsville, Texas, range whether or not covered by single carrier liability through the U.S. of Ireland.

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT F.M.C. AGREEMENT 5770. NOTICE TO SHIPPERS AND CONSIGNEES. INLAND TRANSPORT IN IRELAND. Member Lines of the U.K./U.S. Gulf Westbound Rate Agreement No. 5770 hereby advise shippers and consignees that as a result of increased operating costs, the tariff of rates and charges in force, as shown in the enclosed copy of the U.K./U.S. Gulf Westbound Rate Agreement, is being replaced by a new tariff of rates and charges, which will be effective from 1st July 1977.

GOVERNMENT OF SINGAPORE. PER CENT STOCK 1937. Standard Chartered Bank Limited. NOTICE IS HEREBY GIVEN that the winding up of the above named company is being ordered by the Court on the 11th day of July 1977.

ART GALLERIES. GILBERT PARR GALLERY, 230 Piccadilly, London W1. The development of a full explanation of what led to the 1973 accident at Windscale, in which radioactive ruthenium was released during a waste-separation process, to a working area of the nuclear plant.

PRESTIGE CARS WANTED. ROMANS LTD. MERCEDES & VOLVO SPECIALISTS. Due to an unexpected demand for Mercedes and Volvo saloons at Sports Cars we are willing to pay exceptionally high prices for second hand Mercedes and Volvo. Car and van dealers, please contact: ROMANS LTD, CLAYTON AT BLOOMWOOD 104669, 65-7, 7 days a week.

HOME NEWS



£1m. display of British industry

A £500,000 exhibition of British industry, and commerce — part of the Silver Jubilee year celebrations — opens to the public today in Hyde Park. It is the first exhibition to be held in a Royal park since 1851. With more than 3m. tourists visiting London in mid-summer, the 30 British companies in nationalised industries exhibiting expect a big attendance. The centrepiece of the exhibition, near Marble Arch, is a tent, believed to be the largest in Europe and covering more than two acres. Admission is free.

Architects gain new hope from commission figures

THE ROYAL Institute of British Architects sees a glimmer of hope for the hard-pressed profession in the first quarter figures for new commissions. Although the value of new work for private architects was well below that of the same period last year when inflation was taken into account, there was a 10 per cent rise over the final quarter. The more encouraging figures come some two months after an institute survey which showed that more than 2,000 architects had been laid off in the previous 12 months. The increase in new commissions, according to institute statistics, was accounted for by a rise in demand for work in the non-housing sector, private industrial and commercial schemes and public buildings. The housing sector remained depressed, "adjusted for inflation, the value of first-quarter orders was \$588m., compared with the very depressed level in the fourth quarter last year of \$759m. The first quarter figure last year was \$581m.



New method for nuclear waste processing

BRITISH NUCLEAR FUELS has given a full explanation of what led to the 1973 accident at Windscale, in which radioactive ruthenium was released during a waste-separation process, to a working area of the nuclear plant. That part of the plant has not been used since, but a similar process would be needed in any future thermal-oxide reprocessing plant (THORP).

Though the technology for THORP was "largely based on well proved principles," Mr. Varner's description of the process and equipment design for the proposed plant includes new approaches to the separation and purification of radio-active waste products. He told the inquiry, now into its 12th day, that the activity in the stored waste would be between 500 and 1,000 times more than that currently passing from the ponds containing wastes from Britain's first-generation Magnox reactors. His submissions also included details of a £8,000 scale pilot plant BNF is constructing to test its designs for THORP.

U.K. stops fixing minimum for charter flights

COMPETITION on trans-Atlantic flights sharpened yesterday when the U.K. Civil Aviation Authority decided not to fix minimum prices for North Atlantic charter flights from next April. A price-capping war appears unlikely however. Minimum prices were introduced on North Atlantic advance charter booking flights from April 1, 1975, in order to protect U.K. airlines. Now the authorities believe that the conditions which led to the introduction of price controls will not apply by 1978. A Civil Aviation spokesman said last night that a price war was not expected because charter airlines have to keep an economic price at which they operate, and current margins are very narrow. He added that the CAA wanted to encourage competition among airlines. "So there may be some minor price cuts." Pressure on prices across the Atlantic already exists through the Lakor Skytrain service. Specifically excluded from yesterday's deliberations Lakor plans to take passengers from London to New York for £58. Trans World Airlines, in order to match the Skytrain bargain, announced last week that it plans to make flights to London available at reduced prices. Last night Mr. Laker said he was "thrilled to bits" with the CAA decision. "It puts pricing where it should be, in the market place. He saw the possibility of return trans-Atlantic flights for less than £100. The U.K.-U.S. air agreement has a clause governing charters, but details have still to be finalised.

Hopes of reopening mine in National Park

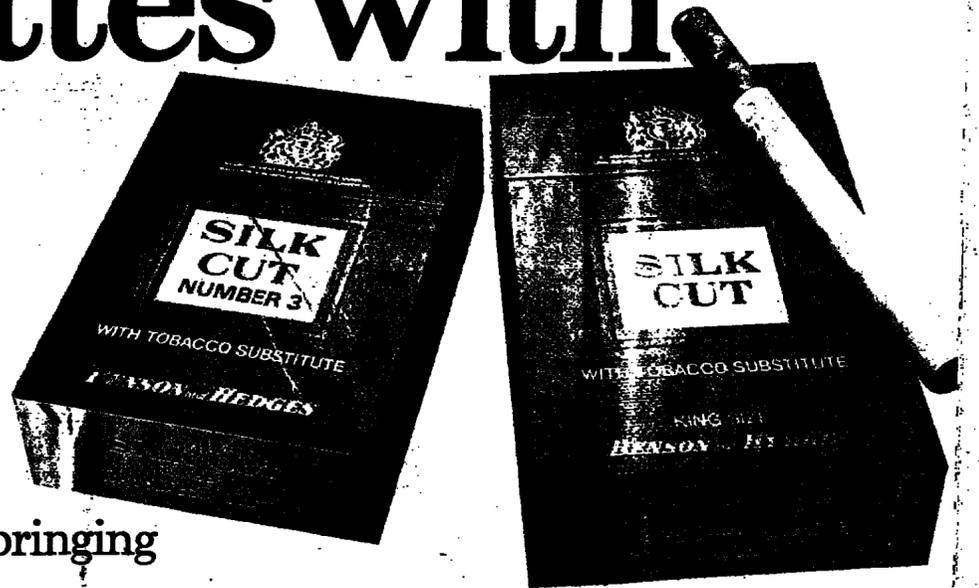
The prospects of reopening the Force Crag mine in the Lake District National Park have been enhanced by the initial success of an exploration programme. There is a good likelihood of economically viable deposits, Mr. Milton Klyman, chairman of the development company, said yesterday. The mine has lead, zinc and barytes, an industrial mineral used in the offshore gas and oil industry. It is ultimately controlled by New Force Crag Mines, a Toronto exploration and development company. Drilling underground has revealed more barytes than expected. "Indications are that barytes could become an increasingly significant factor in future feasibility assessments," Mr. Klyman said. Force Crag, 4 1/2 miles from Keswick, was worked intermittently between 1848 and 1966.

Large vertical advertisement for 'FOR Milk O... Power' and 'This is not a bribe' with various slogans and images.

Handwritten Arabic text at the bottom of the page: هكسان الاصل

For fourteen years, Silk Cut have led with lower tar cigarettes.

This week, we take another step forward by bringing out two new cigarettes with tobacco substitute.



Over the years, we've built up something of a reputation for bringing new ideas to low tar smoking.

Our new cigarettes can only enhance it. They're a blend of three-quarters tobacco to one-quarter tobacco substitute.

As a result, they deliver a touch less tar than our conventional Silk Cut. And a touch more flavour.

They go on sale this week, side by side with our existing range. And you'll be able to distinguish them by the special all-blue and all-red packs above.

Will you like them? You won't know until you try.

But if the way our ideas have been received in the past is anything to go by, we'll be very surprised if you don't.

Silk Cut with tobacco substitute, 47p and 55p.

Recommended retail price.

LOW TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

BOOKS

Young don

Y.C. P. SNOW

...this book, were not playing at the intellectual life. They were the real thing. It is not unimportant that this should be imprinted on the accepted stereotype of Oxford. The special English passion for giggling gossip often does us more harm than we think.

Ayer's provocation, apart from his having a Jewish grandfather, was characteristic of a middle-class intellectual. Scholar of Eton (his parents were not well off, but he could have got through school on next to nothing, but apparently family pride forbade this). Good but not dazzling school record. His intellectual penetration, which later brought him world esteem, was a tailor made for classical studies, though he did well enough. Curiously, however, he wasn't good at mathematics, which would be a surprise to most academic tipsters.

Scholar of Christ Church First in Greats. A series of fellowships. *Language, Truth and Logic* published at the age of 26. English of logical positivism (opinions later qualified, but not repudiated).

The only odd feature of his academic career—it wouldn't have happened to a young scientist of his stature—was that he took a long time for him to be given a permanent Oxford job. There seem to have been two reasons. One was that his kind of philosophy ran directly against the orthodox faculty opinions and philosophy wasn't verifiable, or falsifiable, as science would have been—though Ayer would have been deeply loved to make it so. Second, though his character stands out of the book as one of singular generosity and honesty, as a young man he must have had a knack of making enemies.

Like other clever young men he was often diffident, but not unassuming. He was frequently aggressive. He could be something of a show-off. It is one of



Sir Frederick Ayer—Oxford in the late 1920s

the commonest of syndromes in a gifted young man—but it didn't do him good. He was also, in a sober fashion, radical in politics. That did him no good either. It was not a point in favour that he had married early and still appeared to like women.

All this, Ayer writes about with charity. He is not inclined to regard his youthful self with much indulgence, as he does everyone else. Sometimes his views of persons who have crossed his path and taken some trouble to try him up, have a tendency to be over indulgent. Like other rational philosophers, he is inclined to feel that men are nicer than they really are, and he doesn't by any means believe an original sin.

On the other hand, his portraits of the people he has known best, though still charitable, are scrupulously and informatively. Some of these people I have met as casual acquaintances, and I have found myself think-

Saying it with weapons

BY MALCOLM RUTHERFORD

The Arms Bazaar by Anthony Sampson. Hodder and Stoughton, £4.95, 382 pages

The more destructive weapons become," asks Charles Lomax in Shaw's *Major Barbara*, "the sooner it will be abolished." To which his father-in-law, the arms maker Understaff, replies: "Not at all. The more destructive weapons become the more fascinating we find it."

If Lomax could be said to be predicting the nuclear balance of terror, the response was even more precedent. Even if two powers have the ability to destroy each other several times over, and the arms trade is a reached arms limitation agreements, the competition goes on. It might, after all, be possible to produce weapons so powerful and so accurate that the other side is obliged to refrain from being destroyed in a first strike. That is the fascination that Understaff was taking about, and it is not confined to the makers of arms.

Anthony Sampson's new book is a reminder that a great deal of the arms trade is still in the hands of the British. The Prime Minister to resign because of questionable payments by a foreign arms dealer, for example, was not Mr. Tanaka in 1974, but Admiral Yamamoto in 1914. The British company Vickers had been overhauling a battleship deal with its agents Mitsui, who at that time (*plus ça change*) were said to control a large part of Japanese foreign trade.

A Shah of Persia had been shopping for arms at Armstrong's, the other British company, as early as 1889. Ten

years later the British Director of Naval Construction estimated that British warships were being delayed because priority was being given to exports—the sort of complaint that is quite common among the American navy to-day. Again, not long after the first world war there was a crisis of a kind that was to become familiar. Armstrong's was on the brink of bankruptcy, with government prodding, the Bank of England moved in and brought about the merger with Vickers.

Mr. Sampson recalls these incidents only in passing. His real business is to tell the story of Lockheed, and a few other broadly related stories besides. They are very good stories, and he tells them well. Apart from the Lockheed saga, the brief section on the Anglo-American approach to the first big arms deal with Saudi Arabia and the chapter on the British middleman, Adnan Khashoggi, make riveting reading.

The Saudi story is one of monumental scale. The British Government, for reasons of public expenditure, had been obliged to cancel some of its own advanced aircraft projects and to buy American instead. But to do that required a change of heart. It was therefore agreed between London and Washington that a contract, that would otherwise have gone to the U.S., to supply aircraft to Saudi Arabia would now go to Britain. The British sales company, Lockheed Lightnings, an aircraft ill-suited to desert conditions, in order to finance their own purchase from the U.S. Even then, it turned out that the British had no money art, however, lies in storytelling and the morals are compelling. Mr. Sampson comments: "The Saudis had been persuaded to buy British planes that they did not want, to allow Britain to pay for American planes that they could not afford." One of the principal actors in that affair was John Stonehouse; another was Denis Healey.

The Khashoggi affair is, in essence, not much different. Khashoggi was the agent for competing suppliers: British, American and French, and for more than one company among all of those nationalities. At one stage, he was called to the Pentagon to explain those apparent anomalies. That, he said, was why Saudi Arabia worked. There is a great deal of evidence that the Saudi authorities are opposed to that kind of approach, but at the time Mr. Khashoggi's statement was taken as reassuring.

Mr. Sampson rather spoils his book towards the end by adding his own morals. The stories stand for themselves. If there is a moral, it is that the arms industry seems to be remarkably incompetent and its relations with Government confused. Mr. Sampson is more pertinent. The industry, he says, should be nationalised, even in the U.S. What is lost in the way of jobs in the military sector should be compensated by more civil projects. That overlooks two facts both of which are brought out very well in the book. One is that there is little evidence that Governments, even left-wing Governments, are any more restrained about promoting arms sales than companies. The other is that the biggest scandal of all—the Lockheed Tristar affair—was in the civil and not the military sector. Mr. Sampson's story, however, lies in storytelling and the morals are compelling. Mr. Sampson comments: "The Saudis had been persuaded to buy British planes that they did not want, to allow Britain to pay for American planes that they could not afford." One of the principal actors in that affair was John Stonehouse; another was Denis Healey.

Crimes

BY WILLIAM WEAVER

Stud Game by David Anthony Collins, £2.95, 249 pages

David Anthony's protagonist already encountered in the author's *The Organization*, Stanley Bass, now living in Los Angeles and making his living as a professional poker-player. The character is familiar, tough given to cynical thoughts and snappy repartees. He is a man of action (he "bulks" martinis and sandwiches, he "works on cups of coffee"), but he is also capable of reflection. Fretful much the Standard Yank here in other words. But Anthony is a careful, imaginative plotter and whether or not you like Bass, you will be caught up in this story, which tells how he exposes a clever fraud and a fiendishly complex web of friendships and enemies.

Chance Awakening by Georg Markstein. Souvenir Press, £3.50, 251 pages

A "sleeper" in espionage language, is an agent planted in a foreign country and deliberately kept inactive, perhaps for many years, until his services are required. Michael (Mike) to his old friends) is such a sleeper, in London, where he has a legitimate business and is having a steady affair with his lovely Sharon. When an agent is murdered, Michael has to be roused from his sleep, but his awakening stirs his suspicion. He breaks the rules, which the threat to break him. Georg Markstein, a skilled practitioner in this area, keeps the reader like Michael—constantly guessing, constantly alert. The answers, when they come, are surprising and cogent.

Russian giant

ALEX de JONGE

Gentle Barbarian, by V. S. Pritchett. Chatto and Windus, £5.24, 343 pages

Turgenev is the most accessible of the great Russian writers. A friend of Flaubert, Henry James, living abroad, centrally in a peculiarly genteel way with the singer and pianist, he is the most European of writers, wearing a decently cut never a peasant's smock, works have a writerly control balance which endears them on-Russians, and although great regularity of social life do so with a balance, he eschews polemic. Yet for their decorum Turgenev's stions of ample life in su- country houses have an ease scope that makes them very an.

That their author was a truly balanced man. Much of the unbalance came from his or, a monstrous tyrant who her considerable estates a rod of iron. She was an version of the kind of teering Russian lady a main weapon in violent onal blackmail. In a world prides itself upon its caper for feeling strongly the y to arouse feelings—love, remorse—in others, be- the key to naked power, related a race of powerful and subject, covertly onable fathers and sons.

Turgenev, a blend of clumsi- timidity and the awkward- very large men was not i by his mother, by her ps to persuade him that ve, but mere animal lust, but women would always him in the end. His al life was a sad story veasonal affairs and un- mated admirations. Litter- proved a more reliable

Tom's tales

BY HUMPHRY BERKELEY

Ruling Passions: the autobiography of Tom Driberg. Jonathan Cape, £3.95, 271 pages

When Tom Driberg died, in 1976, a number of troubled old gentlemen in their 70s breathed more freely. Their anxiety was to return when they learned that the greater part of his autobiography had been completed and was to be published posthumously. It contained, so it was rumoured, scandalous revelations. As the publication date drew near, one septuagenarian took to his sick-bed. "Tell him I think it's all right," I was able to say on the telephone to his young male companion, "his name is not in the index." I was relieved to hear that he felt well enough to take some vegetable broth for his evening meal.

I must state unambiguously that the fears were groundless. Tom has compromised only the dead, including himself. The book is, however, in the realms of sexual explicitness unique. It will, I fancy, have the same effect on sexual candour as the splitting of the atom has had on aerial warfare. By contrast, Lady Chatterley's Lover, is a lady reticent literary work.

Tom was an open and very promiscuous homosexual. He has portrayed homosexuality as being the overriding element in his life, to which everything was subordinated. His sexuality, as described by himself, excluded love. One is left with the impression that Tom, whose sexual licence was uncompromising, "butch," belonged to the pre-war Communist party as the most fertile producer of working class lovers. He has surely been overhasty in his self-judgment.

Tom Driberg was a professional journalist; for 12 years the first and incomparable "William Hickey" of the Daily

In Short—Crippen, Byron and others

Crippen, the Mild Murderer by Tom Cullen. The Bodley Head, £4.95, 218 pages

Crippen continues to have star-rating in this century's line-up of convicted murderers, yet compared with other top-notchers—Christie, Hag, Lindbergh, Brady and Graham Young—he must be the black sheep in the psychiatrist's studies of murder most English.

Billed as the first criminal to be caught by the modern miracle of wireless (in 1910) with the ingenuity of a fascinating escape-plan—his androgynous shipboard partner blew his cover—his story has a filmic highlights and the world's Press shared in the excitement of his capture.

The most remarkable and saddest quality of the Crippen case is not his professional butchery and disposal of a grotesquely redundant wife (Crippen was an American doctor of homeopathy) but the fact that he "will always be known as the 'mild murderer'." A quiet, decent, likeable traveller on the Clapham omnibus, he "wouldn't harm a fly." Belle Elmore, his blousy, domineering, self-seeking spouse was more of a tarantula. She had to go. She went... in pieces... into the cellar in Hilldrop Crescent in Redoubt.

Tom Cullen's title immediately suggests his sympathetic narration. Although the newspaper headlines screamed "Murder and Mutilation" and vivid descriptions of the gruesome dismembering of the obese Belle fired the newspaper reading public, the man from Scotland Yard was sorry to place the handcuffs on the pebble-eyed, walrus moustached, pathetic little killer.

There is a book which should be read by overbearing selfish wives and one to be hidden from "mild" men who are fed up to the gills. Like the author, and Inspector Dew, I almost wish that Crippen had been the one that got away.

Byron and others

The Late Lord Byron by Doris Langley Moore. John Murray, £7.50, 542 pages

The manuscript of Byron's own memoirs was burnt in 1824 by his executor, John Cam Hobhouse, with the approval of his wife, Annabella, and of his half brother, Augusta Leigh, because it was thought to be too scurrilous. Other people, however, instantly started writing books about Byron, seeing him both as hero and scapegoat of the Regency Age in Britain and of the beginnings of liberation in Greece.

Thomas Moore's life was respectable, he had long been an amiable hanger-on of poets and men of letters and was himself, to some degree, a melodious bard. But there were other memoirs by people who had met Byron only occasionally in Italy, Malta, Greece, and elsewhere and who hastened to cash in on the death of the celebrated international poet. Medwin, Dallas and Trevelyan all wrote about him, usually with some malice concealed behind the well-showed themselves to advantage. Even Stendhal wrote what he

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Fiction

- Third world cursed and blessed BY ISOBEL MURRAY
- Drums For Rancas by Manuel Scorza. Translated from the Spanish by Edith Grossman. Secker and Warburg, £3.90, 214 pages
- South of the Lights by Angela Huth. Collins, £4.25, 227 pages
- Twins by Bari Wood and Jack Geastland. Heinemann, £4.50, 316 pages
- A Fine Romance by Cynthia Propper Seton. Heinemann, £3.50, 192 pages
- The chilling foreword to *Drums For Rancas* seems to offer us a real life horror story, concerning the elimination of Peruvian villages in the Central Andes from 1880 to 1962, by Peruvian military, in the name of certain powerful supra-national mineral interests. The author declares that he is "not a novelist so much as a witness."
- Now this is in one sense true: it did happen, he was there, he worked in protest. But his witness — or his protest — would not be half so effective if the book did not demonstrate that Manuel Scorza is a very talented novelist. It is gentle, quiet but not in for centuries." Instead, often richly comic. The

DEBORAH PICKERING

Wilberforce by John Pollock. Constable, £5.00, 368 pages

There has never been any doubt that more of the credit for the abolition of the slave trade must be given to Wilberforce than to any other individual. A widower, single, however, has been that in a rather dreary, sanctimonious individual, who may have cared for the Blacks, but never lifted a finger on behalf of the down-trodden poor of the early stages of the industrial revolution whose degraded lives were worse

ALLAN TODD

As for the English poor, he showed his concern for them on every occasion, but being a man of his age, he had little faith that legislation could help them. On the other hand, Acts of Parliament could clearly affect the abolition of which in the British Empire he lived just long enough to see enacted. This is essentially a biography of the man, not a history of the abolition of slavery. As such, it paints a vivid and sympathetic portrait and will not easily be superseded.

THE LATE LORD BYRON

The manuscript of Byron's own memoirs was burnt in 1824 by his executor, John Cam Hobhouse, with the approval of his wife, Annabella, and of his half brother, Augusta Leigh, because it was thought to be too scurrilous. Other people, however, instantly started writing books about Byron, seeing him both as hero and scapegoat of the Regency Age in Britain and of the beginnings of liberation in Greece.

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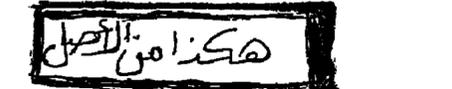
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The Property Market

BY QUENTIN GUIRDHAM

The revenue strength of and securities

It is tempting to think of the Land Securities valuation as a political one. This is the largest property group in the world, and its share price has been the subject of much speculation. The company has already caused the government to change its mind on the political front, and it is now more convenient for a conservative government to support the company's view than to support the view of the Labour government. The company's revenue is not in danger of falling, and its share price is not in danger of falling. The company's revenue is not in danger of falling, and its share price is not in danger of falling. The company's revenue is not in danger of falling, and its share price is not in danger of falling.

Gap widens between ED 15 and CCA

The statement from the Accounting Standards Committee (ASC) that the proposed changes to the depreciation rules in the new Companies Act (CA) will be more generous than those in the existing rules in the Companies Act (CA) will be more generous than those in the existing rules in the Companies Act (CA).

which some regard it as, but a company which may use the formidable cash flow it will enjoy by the 1980s to look again at development. Already, its dividend is earned after charging all expenses to revenue, something only true last year because of the exceptional ACT credit.

Not liking the long-term finance market, the decision now is to sell further property to repay the disastrous U.S. dollar loan. But the sales for this, and to complete the rump of the present development programme, are no longer excessive. With £55m. cash, another £20m. of sales are required, and half of these are already in train.

The next two years' figures will be much influenced by lettings of the new projects, with £25m. of potential rents in schemes to be completed by next March. But it is the £35m. of additional net income coming from reversions and reviews by 1987 which are the main element in forecasting post-tax profits of £20m. plus by the mid-1980s. The message appears to be that Land Securities will be doing its best to find some relevant way of reaping these gains in new property schemes, rather than relying on passive investments.

In other words, "Quality and quantity" might have been just a year ago. But the introduction of statutory CCA methods, so there would be a year of wholesale qualifications for the property company sector, that gap now stretches to two or three years. What the accountants' attitude will be is an interesting point, though they have been gentlemen about routine qualifications on deferred and contingent tax liabilities. The Stock Exchange's attitude might also be relevant if with new issues creeping back into fashion, any new property company wanted to get a quote.

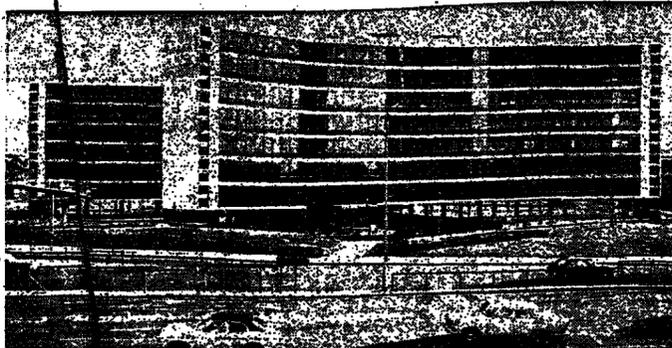
Mobbs calls for improved development standards

Like Lord Samuel, Nigel Mobbs, chairman of Slough Estates, appears to think it time to speak out more forcefully about the future, and about some of the warts from the past, in the property market. Addressing a St. Quinton Son and Stanley gathering in the City on Wednesday evening, attacked the part played by some agents in the last boom. "Wild bank lending was only one factor," he said. "The bankers' shortcomings were magnified by the lack of professionalism apparent at the time which produced paper feasibility studies, projects which stood up to only the most severe scrutiny. I do not like criticising individual professions, but I do believe the early 1970s did expose many of the weaknesses of the professional consultant whose responsibility was limited to advice with no risk."

was re-introduced by the Conservative Government. On the future, Mobbs forecast a continuing role for property companies, despite the dominant part in both development and investment played by institutions, contained few novelties.

The advantage of a real estate entrepreneur is that he will recognise and assume the risks where a committee would wish to see greater control and research carried out. A real estate company has the appetite to create investments, it has the experience to manage the investment effectively and it has the expertise to provide a service of advice to the customer who very often has never before been involved in the creation of a new factory. For these reasons I am confident that there is still a role for the property company which is conservatively financed, which is concerned with the wider issues of its business and which is willing to look forward rather than backward.

One point not often stressed in the possible role of companies as holders as well as developers of property is Mobbs's reminder that so long as the institutions want only prime properties and the best conveniences, there will be a gap in the market for the investment company prepared to hold the premises of medium and small businesses. But developers would have to perform to higher standards, he claimed. "There is no doubt that because of various factors, the availability of materials, the intervention of the administrators and the simple fact that regardless of what you build you could find tenants in the past, the quality of development in this country is sub-standard when compared with that abroad. Property developers are on the whole schizophrenic when it comes to planning. They decry it because 'the market seemed to be in a state of unwholesome control and because large paper profits were being exhibited as a result of over-charge on the frequent valuations' that the taxation of development values



Grosvenor Square Property, which took time to let the twin buildings of its Brentfield Development, has six months later sold the investment to the Combined Petroleum Companies Pension Fund. At the junction of the North Circular Road and the Harrow Road in Stonebridge Park, London, N.W.10.

the buildings total 118,000 sq. ft. The letting was one of a series in West and North-West London to large U.S.-controlled groups. Sperry Rand took this as the U.K. and European headquarters for the group's computer manufacturing subsidiary, Sperry Univac. Price paid by the fund, advised by Hillier Parker May and Rowden, was above £6.5m.

do do ourselves a grave disservice if we do not put sufficient quality into the projects to which we are concerned. The long term investment value may suffer because of the early obsolescence created by sub-standard specifications, and the community as a whole has a justifiable right to criticise the industry for producing drab uninteresting schemes."

What Mobbs finally asked his audience for was a controlled market place where we can iron out the cyclical changes in terms of the prices paid for property. "That and a greater contribution to community aims from future developments were needed" rather than merely creating the paper profits which have been so controversial. "We must all remember that property provides the security for finance; an unstable market implies an unstable economic scenario."

That instability was recalled in a remarkable mea culpa at the same gathering from Robin Hoyer Millar, a regional general manager from Barclays, who chronicled in gory detail the lapses of clearing bankers in the early 1970s. Their aim now, he said, was "to revert to our traditional role as providers of development finance and to avoid as far as possible any further long term commitments."

But this was not the only support for the shares. The chairman of European Ferries, Keith Wittenham, painted a glowing picture of activity at Felixstowe, together with the plans for doubling throughput at the docks. With between six to 20 firms being turned away at present through lack of port facilities, the plans should have well for letting the only new office block which is within spitting distance of the port.

OUT AND ABOUT

● Apart from its high gearing, the thing that has depressed British Anzani's shares for the last couple of years has been the number of voids. Letting has been particularly sluggish at both Felixstowe (150,000 square feet) and Sittlingbourne (80,000 square feet). But this week the shares

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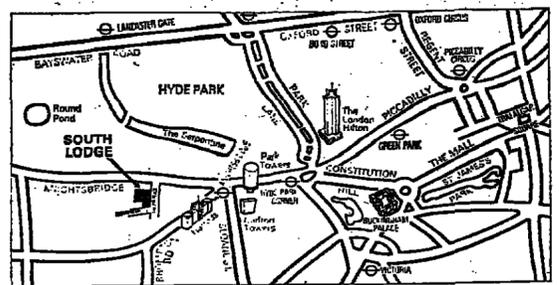


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The Management Page

EDITED BY CHRISTOPHER LORENZ

Spithead reviews and television soap operas glamorise naval life. Roy Rogers examines a less pleasant aspect—discipline at sea.

How to master a tight ship

ACCORDING TO the old adage, tendency for shipping lines to control more and more of the much liquor were liable to be "put in the scuppers with the hose pipe on them," and at quite an early hour too. There is no doubt that this, together with far more drastic measures such as floggings, was a common disciplinary practice in the days when British practice of oak ruled the waves. Then life at sea was indeed harsh and of necessity, discipline often took the form of beatings, meted out by the mate or the bosun.

But times have changed. Nowadays men go to sea because they want to, not because they have been "recruited" by the infamous press gang. Over the last 90 years they have been organised into powerful trade unions which have been able to prompt shipowners to adopt more liberal attitudes a little quicker than they otherwise might have done.

As a result pay and conditions for ratings and officers have improved and successive legislation has put disciplinary procedures on a far more humane footing.

But there is general agreement that the existing procedures are inadequate for an industry which, although steeped in tradition, is undergoing considerable technological change. Because of the environment peculiar to shipboard life, increased productivity can also bring greater boredom, which in turn can load more stress on the disciplinary machinery.

Docks far from city centres

The trend towards bigger ships has moved docks further and further from city centres. As a result there is often little for the crew to do should they venture ashore, assuming they get the option.

Crewmen on the large oil tankers hardly ever set foot on land during their tours of duty—usually of about six months' duration. Tankers seldom enter ports but move between one offshore terminal and another. It is not uncommon for tanker crewmen to remain on board for more than a year at a stretch. Increasing automation and a dropping of the penal clauses.

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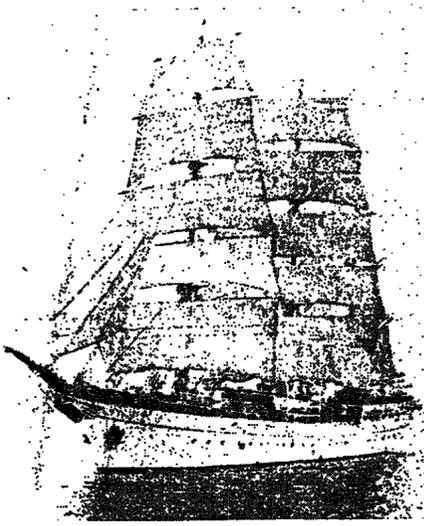
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In the days of the old tall ships, troublesome seamen were often flogged. To-day, they are more likely to be fined, but the regulations have come under heavy fire from the seamen.

However, leaders of the two unions and the shipowners feel sure that the doubts will be removed once the proposals are spelt out in detail.

There will probably be a series of one-day courses for senior officers, who would then be expected to relay the information back to their junior colleagues.

The industry is well aware of these difficulties but is currently engaged on a longer-term exercise to find ways of making life at sea more attractive. Shipowners, the seafaring unions, and the Department of Trade are all heavily involved in a Flm. programme designed to improve the seaman's lot, called the "Sealife programme."

It has been under way for just over two years and is taking a critical look at such sacred items as the traditional shipboard hierarchy and the availability of opening up recruitment to a wider range of entrants. Other issues being considered include the establishment of a real career structure for ratings and an assessment of whether ship design can be tailored more to seamen's requirements while still retaining efficiency.

An autonomous profit centre

Experiments carried out under the Sealife programme and by individual shipping companies all seem to point towards a need for devolution of more responsibility from the shore to the crew, smaller crews with greater flexibility between grades and fewer crew changes between voyages.

A reversal of the previous

trend of centralising more and more decision making ashore has already been tried successfully by several Scandinavian shipping companies, including DFDS of Denmark, which has gone as far as making each ship an autonomous profit centre run by a "board" headed by the Master.

A move in this direction would be designed to generate more interest and involvement by the crew in the running of each ship which should then become more efficient. At the same time shore based staff could be reduced.

Examples of responsibilities that could be returned to the ship include scheduling crew holidays, making drydocking arrangements and buying-in ships' stores.

But this approach can only be expected to work effectively if it is linked to ways of making crews more stable. That means revising the traditional pool system under which there are often wholesale crew changes at the end of each voyage.

The philosophy is that a more stable crew would develop loyalty to its ship and would therefore be more willing to participate in a team effort to make its ship more efficient. This could be achieved in part by giving ships' masters scope to hire their own crews and to introduce onboard training programmes.

But it is unlikely that the pool system will ever be abolished entirely as there are some ratings, and a lesser number of officers, who prefer the freedom afforded by the casual nature of the system.

Many of this tradition-minded

industry's other practices will

be difficult to reform. But it

seems clear that a wind of

change is sweeping through the

lifestyle of Britain's 80,000

Merchant Navy officers and

ratings.

Business books

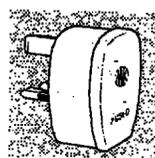
The Management of Motivation and Remuneration, by D. A. Whitmore and J. Ibbotson. Business Books. Price: £8.50. This book endeavours to bring together material to provide a comprehensive coverage of topics connected with remuneration.

Sales: The Law Relating to Bankruptcy, Liquidation and Receiverships, by J. H. Thompson, Macdonald and Evans. Price: £4.50. This new edition aims to give an up-to-date survey of the field of insolvency law.

Key to Income Tax, by J. M. Cooper FCCA and Percy F. Hughes. Taxation Publishing Company. Price: £4.25. This book gives information about changes in practice and Revenue concessions.

Innovation, by William Kingston. John Calder. Price: £5.95. The book points forward the thesis that much of the present crisis in the British economy is caused by a lack of understanding of the role of innovation and organised thinking in our society.

Interbrand Choice. Strategy and Bilateral Market Power, by Michael E. Porter. Harvard Economic Studies. Price: £10.15. This book looks at the bargaining relationship between manufacturers and retailers; suggests a new way of analysing industry competition; and presents a theory of what information a buyer seeks about a product in relation to what a seller will provide.



Tougher leadership and marketing have catapulted household name out of slump, reports Sue Camero

Wired up for exports

THREE YEARS ago MK Electric, makers of wiring accessories such as sockets, plugs and junction boxes, found themselves in sudden trouble.

For years the company had been quietly thriving. It had 60 per cent of the U.K. market and a steady export business running at 8 per cent of annual sales. By 1974 it was employing 5,000 people and it had started a gradual build-up of the workforce.

Then came the economic depression and a slump in the construction industry, the chief outlet for MK Electric products. Pre-tax profits fell from £2.5m. in 1973 to £1.7m. in 1974 and finally hit £675,000 in 1975. The company was forced to make 1,200 employees redundant.

Recovery prospects seemed bleak. Mr. Gordon Hazzard, who became managing director of the company in 1974, claims to-day that the new board which took over when the company went public in 1966 had not been sufficiently groomed in top-level policy making. This situation, he hastens to add, was the result of historical accident rather than any innate lack of ability.

It happened because until 1966 MK Electric had been a family owned company where, according to Mr. Hazzard, the proprietors took the lead and made all the major policy decisions.

One way and another, once the recession came, the company's future looked distinctly unpromising. Yet to-day MK Electric seems to be well on the road to recovery. When its latest results were published last week they showed record pre-tax profits of £6m.

MK bases its bid for a return to prosperity on three things—improved management, including more aggressive marketing at home and expansion abroad. In the last three years its most notable achievements have been in the export field.

Mr. Hazzard points out that in the past the company had been happy to do business in Asia, the Middle East and Africa but it never made any extraordinary effort to obtain orders. Instead it relied on the fact that a number of foreign countries always buy U.K. electrical accessories simply because their electrical systems were installed by the British at the time of the Empire and they have observed the British Standard ever since.

A few countries have mixed electrical systems and they buy accessories such as sockets, some from, say, America, and perhaps some from France or Italy. Yet here again, MK had always accepted any orders that came its way without ever really trying to gain a larger slice of the market.

Mr. Hazzard decided the company would have to work harder on its overseas outlets. The big advantage of buying British electrical accessories is that they are made to an extremely high standard. The disadvantage is that they are correspondingly more expensive than their competitors' products.

Yet as far as MK is concerned quality has proved a strong selling point. The company has organised symposia in South East Asia as part of a determined sales campaign and the accent has been on the safety, reliability and appearance of its goods. As a result its exports have jumped from 8 per cent to 20 per cent of sales and it has now set up its own manufacturing plant in Singapore. Another factory is to be opened soon in Kuwait and there are longer term plans to establish a plant in Africa—possibly in Nigeria.

Back all horses in the race

It is expected that an International Standard for electrical accessories will soon be accepted—though probably not enforced—by a number of governments. British and foreign MK is planning to make products to the new International Standard as soon as the U.K. Government has given it its blessing. And Mr. Hazzard says this should further increase the company's exports.

For it is thought that most countries will eventually go over to an International Standard and MK hopes to beat the field simply by getting in first and following an aggressive International Standard marketing policy. At the same time it intends to go on exploiting the existing market for British Standard products. Mr. Hazzard comments that "this is one race where we can back all the horses."

In addition to this MK Electric hopes to benefit from



MK Electric's managing director, Mr. Gordon Hazzard.

In accordance with this outlook MK has expanded design team and built up a sizeable marketing organisation. Engineers have been added to the design team—the aim being that they can work out some of the technical details and let the creative people more to come up with new ideas, the same time the marketing department has been allowed to grow from a handful of people to a staff of over 100 only 18 months.

Under Mr. Hazzard's direction the company has moved some way to cut costs, undertaking a value analysis of certain of its products. It is being overgenerous in the use of some materials, such as copper, and has there cut down. Mr. Hazzard in that this has not led to "serious reduction" in quality of MK goods.

Expedient of more meetings

He adds that since the company's crisis in 1974-75, directors have become more experienced and more effective with their policy decisions. Claims this change has been achieved by the simple expedient of calling for more direct meetings and forcing people to practise the art of compromise decision-taking. Only new directors have joined since 1974 and both of them are specialists—one in finance the other in marketing. On other hand Mr. Hazzard's on-job training scheme has been successful. Several of those who would not—or could not—accept the new order quietly resigned.

It is clear that MK has made considerable and seemingly successful efforts to sort out problems during the last few years.

One reason for its recovery that it has taken the opportunity to exploit markets that ever else has apparently allowed to fallow. Whether competitors—especially for dimmer devices and chrome or brass switches—in the past, one like another, MK is trying to persuade people to start thinking of switches and other electrical accessories as one of the design features of a room.

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FRIDAY, JULY 1, 1977

The Nine out of step

THE NINE have once again demonstrated how much easier they find it to agree on broad issues of foreign policy than on pressing internal or economic problems. Most of the London summit of Heads of Government that ended yesterday was, in the words of one participant, "unimpressive." But Wednesday's declaration on the Middle East represented a major diplomatic advance. Despite insistence by British and Dutch Ministers that the declaration involves little real change in the Nine's attitude, the acceptance of the concept of a "homeland" for the Palestinians represents an important concession to the Arab point of view. The dismayed reaction in Israel should be clear enough proof of that.

Washington

At the same time, the Nine's new position puts the Community closer to Washington than the Middle East than it has been for a long time. President Valéry Giscard d'Estaing may argue that the Nine's statement was a French initiative that had nothing to do with the U.S., but the fact of the matter is that it was worked out in close consultation with the Americans and closely mirrors the Carter administration's statement earlier this week.

It is, of course, easier to adopt the general idea of a "homeland" for the Palestinians than to define what it means politically and geographically and the Nine have not attempted to do so. It is equally true that Washington has more influence in Israel than the Europeans. But the concerted response to the establishment of the new Israeli government underlines the seriousness with which the West is taking the matter. The Middle East and its readiness to step up the pressure on Jerusalem. There is probably no direct link, as Chancellor Helmut Schmidt has suggested, between the Nine's declaration and the decision by the majority of OPEC countries not to raise oil prices. But the declaration is further proof, if it were needed, of the West's overall appreciation of the wisdom of laying on good terms with the Arab oil producers.

Steadying the flow of mortgages

IN THE whole the underfunding reached by the building societies and the government two years ago on ways of ringing about a measure of ability in the flow of mortgage funds seems so far to have been working reasonably well, with the greater part of 1975 and the early months of 1976, when interest rates generally were falling, the societies used part of the funds coming in from investors to build up their liquid reserves. When the trend of interest rates started to move again in the spring of last year, they had about 22 per cent of their total assets in liquid funds or about 67 per cent, above the levels generally regarded as normal for operating purposes. These extra reserves enabled the movement to maintain new mortgage commitments at an average rate of about £500m. a month in the second half of the year, barely £100m. a month less than in the first half, without having to change their own rates until late in the year when market rates had again risen sharply against them.

flexible link

In this week's housing Green Paper the Government acknowledges this measure of success. It also suggests that more could be done and makes several proposals to this end. It suggests, first of all, that building societies should consider building up their liquidity ratios in favour of levels greater than 22 per cent. Secondly, it suggests they should adopt a more flexible relationship between the rate they pay to investors and the rate paid to mortgage holders, which could be varied much less frequently, and even out the "gains" and "losses" taking them year by year. Thirdly, it suggests that building societies should be ready in those circumstances when market rates rise to take over to tide over the circumstances when market rates rise. To help build up liquidity ratios, the Government

would be prepared to accept funds from the building societies in the National Loans Fund at rates which would not involve them in a loss (in other words, at rates above the market rate). At the other end of the cycle, the Government might—on the rare occasion—consider providing a short-term bridging loan as in 1974.

Worth exploring

Many building society leaders are only too willing to be more flexible, but they will want to look very cautiously at these proposals, none of which are really new. In principle, they may not object to a greater variation in liquidity ratios—at least on the upside—particularly in the light of the fact that it is possible to raise new surplus funds without the risk of loss. But Governments are unlikely to make exceptions to their demand management policies without imposing strings and, as the movement has seen in the past, politicians' attitudes to mortgage rates are not always governed by altruistic motives. This caveat is even more applicable to the idea of a varying link between mortgage and deposit rates.

There is certainly a case for reviewing building society practices in the light of the greater volatility in market rates which has developed in recent years. But the politicians cannot expect to help sustain the flow of funds for new borrowers and shield existing borrowers all at the same time, nor is it realistic to try to insulate the private housing market completely from external economic events. The idea of tapping longer-term funds from other institutions is always worth exploring, and so is the idea of the building societies considering adopting contractual and administrative methods for handling borrowers' accounts similar to those practised by the banks. But the search for short-term funds on the market to tide over the circumstances when market rates rise greater stability in the flow of mortgage rates will not be an easy task, the Government one.



Sir Max Aitken, chairman of Beaverbrook Newspapers (left), leaving Trafalgar House yesterday before the key trustees' meeting, and later (right) Mr. Victor Matthews and Mr. Nigel Brookes at Trafalgar House.

Trafalgar for Beaverbrook

By RICHARD LAMBERT and PETER RIDDELL

THE easy way to make the Daily Express more popular would be to have more porn and racing, but that is not the way for the Express. It should be a family newspaper with a policy of putting Britain first. It is very important in the present state of the country that the Beaverbrook papers should continue to express their views which are sympathetic to those of the Conservative Party and of capitalism.

These were the thoughts of Mr. Victor Matthews, the managing director of Trafalgar House, as he waited late yesterday morning with Mr. Nigel Brookes, the chairman of this property, construction, shipping and hotels group, for the result of the key meeting of the Beaverbrook trustees.

If Trafalgar wins control of Beaverbrook it will keep all three papers going—the Daily and Sunday Express and the Evening Standard. Mr. Matthews says his attention will be concentrated on the Daily since the Sunday is obviously appealing to the public and making a lot of money while the Evening Standard is by far the best evening paper. However, he believes that the Daily Express, which he buys with the Financial Times, the Times, Daily Mirror and Sporting Life, has lost its way and is not as interesting as it was. Mr. Brookes still likes the Osbert Lancaster cartoon though.

Neither Mr. Brookes nor Mr. Matthews talks in specifically political terms about Beaverbrook but their political sympathies are clearly on the Tory side. Trafalgar House has given £25,000 to the Conservative Party which Mr. Brookes claims is to "ensure that we have a viable Opposition." Victor Matthews himself recently resigned from the National Liberal Club because he believed it was wrong for the Liberals to keep the Government in power when it had lost the confidence of the people. Both men are also firmly in favour of Britain remaining in the Common Market. Mr. Matthews gave £10,000 to the pro-EEC campaign before the national referendum two years ago.

On the financial aspects of the bid Mr. Brookes and Mr. Matthews stressed the point that the purchase of Beaverbrook is not a particularly large deal in the context of a group of Trafalgar's size—gross assets of well over £400m, turnover last year of nearly £450m, net assets of nearly £100m. And they pointed

out that the group has plenty of experience of taking over sizeable companies which, for one reason or another, have run into trouble. The example most frequently cited is the acquisition of Cunard six years ago which, they claimed, faced a number of problems very similar to those currently weighing down Beaverbrook. These included management, financial controls, marketing, and relations with the unions.

"There were a lot of big names on the Board," according to Mr. Matthews, "but some of them were not managers as I understand it. We have often found in the past that the management is there in a company which we acquire, but it has to be found and allowed to express itself." In the case of Cunard, Trafalgar removed virtually the top layer of control and got to the managers at operating level.

Next, Trafalgar introduced its own system of financial controls. Cunard obviously already had its own methods of monitoring its performance—but "they were management consultant systems; they looked good on paper, but they did not work very well." For example, costs were apparently not broken down to the level of each individual ship.

Although Cunard was a large force in the shipping industry, with capital employed of nearly £100m., it had lost money in three out of the five years before acquisition. Radical decisions had to be made about the trades which were losing money—but at the same time the workforce had to be conserved that Cunard was not simply going to be run down.

According to Mr. Matthews, the previous chairman of Cunard had not had a major

meeting with the unions for five years. "Our first meeting lasted five hours. I think I can say I have an extremely friendly relationship with the unions. They recognised that I wanted to create more ships, that although we had to streamline the operations nevertheless we planned to invest."

Something like 15 or 16 ships were sold off. But over the period since the acquisition, Trafalgar together with its associates have put £120m. of new money into the fleet.

In the case of Beaverbrook Mr. Matthews suggested, the product was more of a challenge than any need for redundancies. Similarly, one of the Cunard's most pressing problems had been to do with marketing—for the Daily Express, read the Q&A.

Cunard, which was bought partly for shares and partly for unsecured loan stock, has clearly justified its acquisition. It substantially strengthened the group's balance sheet ahead of the financial crash of 1974. It has successfully steered a course of large oil tankers and bulk carriers, which are currently in a state of acute depression. And it represents a major part of the group's profit and loss account.

Even if everything goes right for Beaverbrook, it will never achieve this kind of significance for Trafalgar House. However, Mr. Matthews emphasised yesterday that "I am looking to make this a very good investment for Trafalgar House. If I don't do that, I've failed."

He was not prepared to go quite as far as Nigel Brookes, who suggested that the bid could be justifying itself in financial terms by next spring. But he did hope that a year hence it would be seen that the business was at least moving along the right course.

It is clear that financial considerations are of secondary importance. Three successful entrepreneurial groups—those run by Sir Jimmy Goldsmith, Mr. "Tiny" Rowlands, and Victor Mat-

Financial controls

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MEN AND MATTERS

Goodbye to all that

The lights went out at Lancaster House yesterday: we shall not see them lit again for some time. The great men of Europe slipped away back to their various capitals. The Press went back to their typewriters and Prime Minister James Callaghan, after six months as host extraordinaire to leaders of the West, the Commonwealth and the European Community, had his guests farewell. He then spoke on behalf of the departed at the Press conference to conclude the European Council meeting before leaving himself to prepare for question time in the Commons.

So, after six months which rekindled at least partial memories of past grandeur, London returns to its infinitely more humdrum role as capital of an off-shore island.

West of Suez

It would be difficult to find a bank whose name more clearly encapsulates both the international nature of the City and the changing nature of the world around it than the Banque de l'Indochine et de Suez. It is to be found appropriately enough opposite Palm Court House on Bishopsgate in a part of the City which positively teems with imperial reminders.

The old Banque de l'Indochine, which merged with the Banque de Suez et de Madagascar two years ago, used to be the currency issuing bank for French controlled Indochina.

Those days have of course long gone with the wind as indeed have the days when Britain and France controlled the Suez Canal, whose name now graces not only the Banque de l'Indochine but also its sister bank, Banque de Suez U.K. Ltd. and the parent company of them both, the Compagnie Financière

de Suez. This emerged as a financial holding company after nationalisation of the French and British interests in the Suez Canal by Colonel Nasser in 1956. Yesterday Michel Caplain, chairman and general manager of the Compagnie Financière flew into London to announce a merger between the two London arms—Banque de l'Indochine et de Suez and Banque de Suez U.K., both of which have operated in the City for decades. Having built up the Compagnie Financière into one of France's most powerful private financial groups over the past 20 years he seemed just the man to ask whether, having survived nationalisation of the Suez Canal, he faced with equanimity the prospect of a further wave of nationalisation should the united left take power in France at the next elections.

"If the group had not been private it would never have been formed in the first place. If the state nationalised a group like ours it could carry on with the day-to-day administration, but substituting political for economic criteria—and, after all, that can be the only reason

d'être of nationalisation—would bring with it the risk of grave distortion," he replied.

But whereas two or three months ago the predominant feeling in France was that a left-wing victory was inevitable it now appears that an element of doubt, that quintessence of Gallic qualities, has crept into the political crystal ball gazing in Paris.

Skol

Sweden's formidable temperance movement has struck again. For years it has only been possible to buy spirits and other alcoholic drinks from the Systembolaget, the state liquor monopoly which ration consumption and imposes massive taxes. Until yesterday however it was still possible to buy "middle strength beer" at supermarkets.

In the face of rising teenage drunkenness, however, even beer sales have now been banned. In its place a new weak beer called Pilsnets Ol, literally Peoples Beer, has been introduced. The people are not amused.

Growth industry

Fresh from the City desk comes this encouraging report from the chairman of the London Cremation Company. The number of cremations has been sustained and earnings have risen over the first two months of the financial year. The board promises to do everything in their power to ensure that the present improvement is maintained. He added. You have been warned.

Observer

Radical change

In financial terms, Trafalgar is moving into a new phase of its development. Its expansion to date has been financed to a large extent by debt, with the result that its borrowings at the end of last year amounted to

some £230m. But as a result of strong cash flow and rising profits, the existing group's debt at the end of 1981 is expected to have fallen by £180m.

As a result of this radical change in its balance sheet structure, Mr. Brookes and Mr. Matthews reckon to have "exceptional degree of choice when it comes to assessing takeover opportunities."

Both men are very different from other Press "Barons," until now their closest contact with newspapers has been as contractors for the new Daily Express building in Fleet Street. Nigel Brookes projects the image of the gentleman business man with his Stowe and Huss background though both his shareholdings' fortunes were built on shrewd property dealing and developing. Mr. Matthews—local element school and Able Seaman—has been a builder all his life, setting up on his own with a construction company in Bristol before linking with Mr. Brookes in 1963-64. Mr. Matthews has ready made the transit from AB to become a modern of a major shipping line so perhaps newspaper are not such a big jump at that.

But Trafalgar's freedom of manoeuvre at Beaverbrook is not nearly as large as it appears. Mr. Brookes this gap partly because of the ne along with differences in education, tastes and hobbies. Mr. Matthews admitted that the group—if the two men had been identical they would have fallen out a long time ago. Mr. Brookes said they think along different routes but usually arrive at the same conclusion.

Beaverbrook is seen as a basis of a wholly separate division within the group concerned with the publication and dissemination of information. For the prospective investor is roughly equivalent to the cost of a single refrigerated carrier—of which the compa has 10—but then as Mr. Matthews recognised yesterday no fruit carrier employs 74 people.

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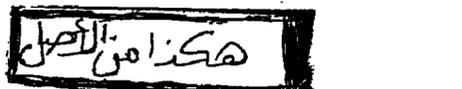
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Much Ado Against Europe

SEEMS to be generally agreed that the British people to have voted 63 per cent. in favour of staying in and 37 per cent. against. Ministers have been a pretty good lot, containing one or two of the best of the breed, but missing, as a whole, the spark of the 1975 election. The present sharp revival in the comments are equally active and hopes of the anti-main problem has been the British Government's determination to present itself from domestic criticism, particularly within the Labour Party. Mr. Callaghan has admitted been no Eurofanatic from the outset and Dr. David Owen's discovery of the joys of national sovereignty has been remarkably rapid. But I suspect that neither they nor their anti-Market colleagues (such as Mr. Michael Foot, Mr. Peter Shore and Mr. Anthony Wedgwood Benn), would have handled their relations with the Community as they have, if they had not been conscious, where Europe is concerned, of a rising undertone of hostility to the EEC in Britain during the six months of the Presidency.

The origins and extent of this hostility I have discussed before. But another reading on the temperature chart was provided last night by a Gallup poll conducted for the "Tonight" programme on BBC television. It showed that in a referendum on withdrawal from the Community to-day 47 per cent. would favour coming out, and 38 per cent. staying in, the rest being "don't knows".

What is particularly worrying about this survey is its finding on changes of mind since the referendum two years ago. Of those who had voted in the referendum, 43 per cent. were now in favour of staying in, against 47 per cent. in favour of coming out. In comparison

with the claim of those same people to have voted 63 per cent. for staying in and 37 per cent. against, this represents an unpleasant turn-around. To some extent, it justifies the comment that the anti-Market movement has been equally active and hopes of the anti-main problem has been the British Government's determination to present itself from domestic criticism, particularly within the Labour Party. Mr. Callaghan has admitted been no Eurofanatic from the outset and Dr. David Owen's discovery of the joys of national sovereignty has been remarkably rapid. But I suspect that neither they nor their anti-Market colleagues (such as Mr. Michael Foot, Mr. Peter Shore and Mr. Anthony Wedgwood Benn), would have handled their relations with the Community as they have, if they had not been conscious, where Europe is concerned, of a rising undertone of hostility to the EEC in Britain during the six months of the Presidency.

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fact is that any Right winger who feels himself overcome by anti-Market scruples, is obliged to take himself off to the National Front for comfort. What, then, is left? Only Parliamentary obstruction really offers much scope—and it is the possibility of increased activity here that ought to be most worrying to anyone who is concerned at the quality of Britain's contribution to the EEC. The trouble is that the present situation is extremely unsatisfactory, and pro-Market MPs and officials who are aware of this fact, yet do not know what to do about it, are therefore placed on the defensive. The House of Commons is clearly incapable of examining adequately the mass of directives and regulations proposed by the European Commission every year, but every attempt to institute more thorough scrutiny exposes fresh difficulties and anomalies.

Under the present system, all draft Community instruments are submitted to a scrutiny committee which decides which are sufficiently important to be debated on the floor of the House. But the committee sends down perhaps 150, topics out of 700 during a session. If they are taken late at night, nobody turns up, and if at other times, they clutter up the Government's business. Again it is not easy to determine the status of these debates which are mostly on a motion to "take note." How far do they bind ministers in negotiations, and how much are they simply advisory?

The House of Lords, which has a parallel system, has coped with the problem by being far more selective in the choice of Community directives and regulations which it designates as important, and then by examin-



Mr. Michael Foot

impaled on the second prong of the fork. Pro-Market in the Government must recognise that they are in a serious difficulty. They cannot even argue freely, as they should, that the logical answer to these difficulties is to increase the power of Euro-

Letters to the Editor

No offshore seat

From The Managing Director, Premier Consolidated Oilfields.

Sir—Your Energy Correspondent quite rightly emphasises the absence of a seat for the offshore oil industry in his report (June 28) of the Energy Secretary's announcement of the 22nd energy conference. Six of the seven representatives of the energy industries are nominees of nationalised bodies; seven are TUC appointees and seven unnamed representatives of consumer interests. The seventh energy representative as you state is largely concerned with downstream activities; it would not take many hours of computer time for a statistical genius to unravel the political bias which this mix will provide in its "helpful co-ordination" and "advice on development of a strategy."

It is ironic that the Energy Secretary's refusal to seat the United Kingdom Offshore Operators Association on the commission (or even the all-British independent group—BRINDEX) comes the same day as the announcement that offshore oilfields producing 836,417 barrels a day now meet half the country's oil requirements.

Rolind C. Shaw
23, Lower Belgrave Street, S.W.1

Builders and performance

From The Director-General, National House-Building Council.

Sir—May I assure Mr. Brooks (June 25) that no one in the National House-Building Council remotely holds the views which he attributes to us. We stand for the concept that free enterprise should be responsible for its performance and pay for its own mistakes without either Government intervention or money. NHBCC is only an instrument for achieving this.

It is, however, not quite true that NHBCC is paid for by "private house builders alone" or that "the funds ultimately come from the house-purchasers themselves." Until recently, cumulative claims since 1965 have exceeded cumulative earned premium by an amount sufficient to pay all NHBCC staff salaries without a penny from Mr. Brooks or any other builder. The contribution of the insurance industry must, therefore, not be overlooked.

A. W. Tait
58, Portland Place, W.1

Luncheon vouchers

From Mr. J. Heyer.

Sir—I should like to add my comments to the findings of the third Alfred Marks review on fringe benefits, and in particular to the fact that we need a 50p luncheon voucher deal, as reported on June 23 by Christopher Dunn.

The House of Commons Catering Committee published accounts for 1976 showing that MPs are getting what are in effect luncheon vouchers valued at more than £1.69 a day at the taxpayers' expense.

We are allowed to give our staff, at our expense, only 15p a day. Not enough for a sandwich. Are MPs worth ten times as much? Their performance over the past year or so leads me to think that the proportions should be reversed!

Our company, like many others in the City, is too small to run a

Letters to the Editor

Energy—not fuel pricing

From Mr. N. Jenkins.

Sir—Does it really matter whether British Gas have made "profits" of £100m. or £30m.?

Gas is still far too cheap. Few of us, apparently, accept either the overwhelming evidence or the opinion of the best advisers available that there will be no more oil or gas to meet the continuously expanding demand in 15 years time.

It is only realistic to forget individual fuels and to pay for supplies of heat and power as likely to remain open for months energy, in which these two inseparable commodities are priced according to rate of depletion.

There is no more sense in the present dispute (although it may be a law has been broken) than Erskine there is in British Gas under-Farnham, Surrey.

AA breakdown services

From Mr. R. Camplin.

Sir—Perhaps you will allow me to close the correspondence that started with my letter published on June 1.

The public relations officer of the Automobile Association seeks to dismiss my suggestion (for containing subscription increases) by saying that his researches show that there is little difference in the breakdown rate related to the age of the vehicle. I never claimed that there was. What I said in relation to maintenance was the careful low mileage motorist is subsidising his less careful or high mileage colleagues.

It was a matter of some amusement that Mr. Wallace Bell was immediately able to ask how the AA justified charging a supplementary fee on its Continent recovery service for vehicles over five years old. The AA reply to this, namely that the older vehicles do break down more frequently when traveling on the Continent with consequent difficulties of obtaining spare parts, suggests that the AA is still living in the days when all British motorists ventured out to the Continent in British cars. Are the spares for a six-year-old Renault breaking down in France harder to obtain than spares for a four-year-old Morris?

Perhaps I was wrong to refer to the AA's other services as negligible. There is the free members' handbook, though I have not received one for three or four years and there is the free legal service. But why should it be free? Surely a flat charge of 25 each time a call is made on the service would help to defray its costs and reduce frivolous applications. I myself used the service once and the AA kindly wrote a letter to plead guilty on my behalf to a summons for being illegally parked. I suppose I could just as easily have written the letter myself, but the service was free.

The public relations officer has sought to demolish my second suggestion of some kind of no-claim bonus for persons not claiming on the breakdown service on the grounds that it would need another computer as well as staff and paperwork and this would be an increase to costs that the members would have to pay. But how many fewer calls might there be on the breakdown service if some such arrangement as a no-claim discount existed?

My first suggestion of a flat

To-day's Events

- GENERAL**
- Vesting day for British Ship-builders.
 - British Government ban now imposed on herring fishing within Britain's 200-mile North Sea sector in place of EEC ban which expired yesterday.
 - Customs duties will now be assessed on goods on basis of their value when they first entered EEC Community en route to U.K.
 - Remaining tariff barriers between EEC and EFTA removed.
 - Dominion Day in Canada.
 - Mr. William Rodgers, Transport Secretary, and Mr. Eric Heffer, MP, speak at Saffron Walden by-election meetings.
 - Windsale public inquiry continues. Whitehaven.
 - Public inquiry continues into proposed petrochemicals complex at Mossrattan, Fife.
 - Law Society annual report.
 - Institute of Chartered Accountants' annual conference continues, Kings College, Cambridge.
 - Silver Jubilee Exhibition opens, Hyde Park, W.1 (until September 4).
 - Cheltenham International Festival of Music begins (until July 10).
 - Royal National Rose Society Show opens, Royal Horticultural Society Halls, Vincent Square, S.W.1 (until July 2).
 - Exhibition of Pacific Islands stamps, Gibbons Gallery, 399, Strand, W.C.2 (until July 30).
- PARLIAMENTARY BUSINESS**
- House of Commons: Motions on Appropriation (No. 2) (Northern Ireland) Order and on Criminal Injuries (Compensation) (Northern Ireland) Order.
 - COMPANY RESULTS
 - Butleys of Yorkshire (full year).
 - Fertileman (B.) (full year).
 - Na-h Securities (interim).
 - Whitlins (interim).
 - COMPANY MEETINGS
 - British Shoe, 40, Duke Street.
 - 13.10. Flight Refuelling, Painters' Hall, Little Trinity Lane, E.C.2, 7.30 p.m.
 - E.C. 12, Harrison (James), Edinburgh, 12, Mentmore Manufacturing, Winchester House, E.C. 12, More O'Ferrall, Browns Hotel, W. 12, Scottish Agricultural
- SPORT**
- Tennis: Wimbledon. The Queen presents trophy to Ladies' Singles champion.
 - Rowing: Henl Regatta (9.30 a.m.).
 - BALLET
 - Nureyev Festival: Lond. Festival Ballet dance Giselle Coliseum Theatre, W.C.2, 7.30 p.m.
 - Royal Ballet perform Ritua Enigma Variations, and El Sycopants, Covent Gard C.2, 7.30 p.m.
 - MUSIC
 - Beethoven Night: Royal Ph harmonic Orchestra (Fistola Hepzibah Menuhin), Royal Albi Hall, S.W.7, 7.30 p.m.



EMS Sports Saloon

—top performance, luxury sports equipment

The EMS has most of the features of Saab's world-beating works rally cars. The advanced 118bhp 2 litre fuel injection engine gives acceleration to 60mph in just over 9 seconds and top speed of 110mph, with normal consumption of 25-30mpg.

Front wheel drive, rally suspension, Bilstein gas shock absorbers, alloy wheels, low profile steel cord tyres, front spoiler, magnificent driver's seat, sports steering wheel geared for 3.4

turns lock-to-lock and smooth manual gear-box add up to outstanding road-holding and effortless high speed cruising to leave you relaxed after the toughest of journeys.

As with any SAAB 99, you get comfort, versatility and safety for 5 adults. The EMS is a beautiful beast from SAAB-SCANIA of Sweden.

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London & Northern sees further growth

FOLLOWING THE REORGANISATION and the substantial reduction in borrowings, London and Northern Group is once again in a position to expand its activities, says Mr. J. H. Mackenzie, the chairman. He anticipates further growth which will be accompanied by an improvement in the economy.

Results for the first half have been affected by the poor weather conditions in the U.K. and the low level of activity in the scrap metal industry. Mr. Mackenzie says the group's construction interests, however, have remained robust and should show growth in attributable trading profits.

The group's other activities, including its interest in metal which is dependent on international steel-making, should show maintained or improved results, says the chairman.

Pre-tax profit for 1976 was unchanged at £9.5m, and the dividend total is maintained at 2 pence per share as reported on May 27. The profit was struck after a reduction in the value of development land and related work, and an exceptional loss in an overseas subsidiary.

In the overseas construction division, a new trading profit record was supplemented by exceptional profits from the U.K. and the Dubai associate has been awarded a three-year contract valued at over £100m.

The group's earth moving division achieved a record profit from contracts in England and Scotland and has adequate work in hand for the current year. Mr. Mackenzie reports that the division's almost eliminated by the results of the group's house-building companies in the Midlands and South of England, which remain in command with a low level of demand.

The further write down of £2.36m in the value of the development land, Mr. Mackenzie says he expects shortly improved results in 1977.

The group's concrete brick and blockmaking plants achieved improved results despite the downturn in the building industry which led to the closure of the unprofitable clay brick manufacturer in South West Scotland. Recent legislation on the minimum insulation value required for industrial and domestic properties has justified the investment in the modern equipment necessary to produce blocks of the highest quality, and further expansion is planned, Mr. Mackenzie states.

Weather-related windfarms continue to make an important contribution to the group's earnings and following the recent introduction of a range of new and improved products, the directors expect better results from this division, which is already borne out by the high level of orders now in hand. From August this year holders will be able to buy the shares of the Weatherall division on specially reduced terms. Further details of this scheme will be available at the AGM.

There is no material improvement in steel production at the present time, but the group is pleased to take advantage of any improvement. The plastics recycling and packaging interests, which experienced difficult trading

£1.3m. by Burtonwood Brewery

AFTER AN ADVANCE from £0.33m. to £0.62m. at half-year, pre-tax profit of Burtonwood Brewery Company (Forwards) rose from £1m. to £1.3m. The directors state that sales have been maintained despite price and excise duty increases, and that the Government's restrictions which they expect the company to continue to expand.

The dividend is stepped up from 2.71p to 3.048p net per 25p share.

Turnover for the year was ahead from £9.11m. to £9.43m., and tax took £0.86m. (£0.32m.).

Carding Grp. slows in second half

A slowdown in second half pre-tax profit from £0.22m. down to £0.19m. left Carding Group up only £0.02m. to £0.43m. for the year to March 31, 1977. Sales improved to £28.0m. against £27.45m. in the previous year, and the record earnings of over £0.5m. Given adequate supplies of vehicles, the motor division result can be repeated but this is dependent on some upturn in the economy, say the directors. Further expansion of this division must however be influenced by the manufacturing policy of its suppliers. Proper investment income will continue to reflect the benefits from improved lettings and a contribution is envisaged from property dealing.

In recent months, the directors have been examining ways of stimulating recurring lines of income without placing heavy burdens on cash flow and have en-

MINING NEWS

Eastern nickel plans attract Amoco

BY PAUL CHEESERIGHT

A NEW lease of life may have been given to a major Indonesian nickel project by the reports from Jakarta that Amoco Minerals has agreed to join the PT Pacific Nickel Indonesia consortium, whose most prominent members are the Amoco Minerals and the Dutch steel group, Hoogovens.

Amoco Minerals is a subsidiary of Standard Oil (Indiana) and is already engaged in mineral ventures in Canada, Western Australia, New Guinea and Oklahoma.

Pacific Nickel was formed to exploit a lateritic nickel deposit on Gag Island in Indonesia. In the early 1970s it was planned to develop a mine which would produce sufficient tonnage to sustain output of 100m. lbs of nickel metal a year.

The reports from Jakarta indicate that Amoco has been negotiating for an equity interest in Pacific Nickel since last March and that it tentatively agreed earlier this month to join the consortium in exchange for Amoco's possible stake in the project has not been disclosed.

U.S. Steel has 48 per cent and last year the Indonesian Government agreed to take 20 per cent. Over the years various participants have fallen by the wayside. Sherritt Gordon of Canada, whose plants were closed when the refinery for Pacific Nickel's ore, will still supply expertise, but has effectively left the consortium. Sherritt in any case, sought to withdraw its commitment as early as 1975.

The U.S. group, Newmont Mining, and the German concern, Muller Brothers, were also members of the consortium at one stage.

The emergence of Amoco as a likely partner revives the hopes of production by the early 1980s as a result of which Western Indonesia has been the world's third largest nickel producer in the world, after Canada and New Caledonia. But the project is thought now to require a \$1bn. investment.

The infusion of capital costs and higher fuel charges caused the project to be re-assessed in 1974-75. So far, Amoco has been sceptical of the nickel ore. The consortium has been working under the provisions of Indonesia's Second Generation contract, introduced in 1968, but the Third Generation contract was introduced last year. This provides for variable export taxes,

WESTRALIAN AND TOIXIDE MERGE

Against the background of a depressed mineral sands market, Westralian Sands and Toixide Australia, part of the Toixide Group of London, are amalgamating. The interests and planning a major Ilmenite beneficiation project. It was announced on the Perth Stock Exchange yesterday.

A Westralian share issue will give Toixide a 40 per cent holding in Westralian. This holding may be increased to 51 per cent by a further share issue for which Toixide would pay 30 cents (19.3p) a share, should Westralian proceed with the beneficiation plant.

The immediate plan is for Westralian to issue 25.5m. fully-paid 10 cent shares, based on a value of 20 cents, and thus worth £5.1m. (£3.0m.) in exchange for Toixide's shareholdings in Westralian Mineral Sands and Ilmenite Ltd. as well as long-term contracts for Ilmenite and other marketing help.

Western Mineral Sands is two-thirds owned by Toixide and one-third by Westralian, while Ilmenite Ltd. is a Toixide subsidiary. By grouping all these forces together it is expected that Ilmenite production will be more than 400,000 tonnes a year.

Westralian shares were 10p yesterday.

ROUNDUP

Employees at Mount Newman, the Western Australian iron ore producer, have voted at a mass meeting to return to work after a strike lasting 17 days. Employees at Port Hedland, where 19 vessels are awaiting shipments, are voting today. The Mount Newman management estimates that 3.5m. tonnes of production and \$42.7m. (£17.2m.) of revenue were lost during the strike.

The Rio Tinto Zinc group's Canadian unit, Brinco, whose main asset in the Churchill Falls hydro development of Labrador was nationalised three years ago, is shifting its executive office from Montreal to Mississauga, near Toronto, to be near the centre of the mining industry. Brinco is working on two major projects, the first in Quebec and the Michelin uranium property in Labrador.

Operating results this year for Tanjunga in the London-based company with Malaysian interests, are expected to be similar to 1976, the chairman, Mr. J. T. Chappel, said in his annual statement. Net profits last year were £1,078,000. The gross book value of the Tanjunga assets is £300,311, but providing mining is maintained at its present level and the metal price holds up, the pre-tax value of Malaysian assets is put at more than £750,000. Tanjunga shares were 45p yesterday.

LOAN PAYMENTS HIT NCHANGA

Heavy payments on international loans have dragged down the profits of the Zambian copper producer, Nchanga Consolidated, despite higher copper prices and better operating performance.

For the year to the end of last March, profits after tax and extraordinary items were Kwacha 51m. (£7.7m.) against Kwacha 171.7m. (£27.9m.) in 1976. No ordinary dividend has been declared.

The loan liabilities were increased heavily by the 20 per cent devaluation of the Kwacha in July last year. They appear in the accounts as an extraordinary item of Kw32m. The net profit before taking this item into account was Kw31m. compared with Kw48m. in 1976-77. This indicates the improvement.

The balance sheet at Alfred Dunhill remains strong and highly liquid, and the directors believe that the group is set on the right course, states Mr. Richard Dunhill, chairman.

The directors propose to increase the powers of the company's reserves, in line with current practice. The chairman tells members in his annual statement that the liquid position means that the company is well placed to take advantage of opportunities as they arise.

At year-end bank overdrafts were £2.01m (£0.24m.).

There are indications that much of the future profit will have to be sought in new areas and activities and will be strongly influenced by the strength of the economies of the great trading and industrial nations.

With these provisions, he is confident that there are still great opportunities, both for the general market sector of masculine luxury goods and for the Dunhill share of the market in particular.

As reported on May 28, pre-tax profit for the year ended March 31, 1977 rose from £7.2m. to £9.2m. reflecting particularly good results in America and 1977, on the 7.7 per cent Redeemable Cumulative Preference.

MINING BRIEFS

UNITED STATES - Production of an concentrate (70 per cent. grade) for April and May 30 tonnes. Same period 1976 100 tonnes.

GOLD AND BASE METAL MINES - May output of concentrates 178 per cent. of target (100 tonnes). April 1977 100 tonnes. May 1976 100 tonnes. May 1977 100 tonnes. May 1976 100 tonnes.

Anglo African Finance slips to £0.13m.

Profit of Anglo-African Finance Co. dropped from £0.24m. to £0.13m. for the year to January 19, 1977, before tax of £0.98m. against £1,773. Stated earnings are 0.96p (1.95p) per 7.5p share.

An interim dividend of 0.5625p net is being paid and a final will be recommended when the 18-month figures are known.

For the year to January 19, 1975 a payment of 0.75p was made.

The 12-month results exclude the company's 44.5 per cent interest in Dewhurst Dent for six months, which showed a profit of £4.19m. and pre-tax profit £201,801 after depreciation £24,356.

S. HOFFNUNG

S. Hoffnung, the wholesaling, agency and retailing group which last year obtained 84 per cent. of its turnover in Australia, has been exempted from dividend control. The news prompted a rise of 3p in the share price to 80p.

The Board of Hoffnung says that it is likely to recommend a 10 per cent. rise in the gross dividend for the financial year ending March 31, 1977.

Goodyear Tyre improving

PRE-TAX profit of Goodyear Tyre and Rubber Company (Great Britain) rose to £22.0m. from £20.0m. in 1976, and pre-tax profit increased to £19.27m. against £18.72m.

A peak of £3.54m. was achieved in 1976.

Mr. T. W. Harrington, chairman, says that although trading conditions continue to be difficult in 1977 the group is confident that its share of the highly competitive market have been improved and operates will continue to improve.

Mr. Harrington adds that 1976 proved to be another difficult trading year. After a slow start sales improved and the group was buoyant enough to show nearly 13 per cent. increase in unit sales over the full year range, but this could have been better if improved productivity in the latter part of the year had been consistent throughout, the chairman says.

Earnings are shown as 2.3p (2.1p) per £1 share. As last year there is no dividend.

Profits increased by 20 per cent from £22.26m. to £26.95m. With a full year's contribution from Kettering Motor Services, the group's subsidiaries maintained an overall profitable trading position, the chairman adds.

The accounts show future capital expenditure at £24.4m. The Dunhill shareholding in the company is 1.8 million shares. Meeting, Cafe Royal, W. July 27, noon.

A. Dunhill well placed for growth

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As reported on May 28, pre-tax profit for the year ended March 31, 1977 rose from £7.2m. to £9.2m. reflecting particularly good results in America and 1977, on the 7.7 per cent Redeemable Cumulative Preference.

BIDS AND DEALS

HARTLE MACHINERY PURCHASE

Hartle Machinery International has agreed to acquire the whole of the issued share capital of Hartle Group, the family of the Hartle family for a consideration of just under £1m.

The principal assets of DHL and its subsidiaries consist of a fleet of leasehold and freehold property, both leased to subsidiaries of HMI and recently valued at a combined total of approximately £300,000 and 95.6 acre of land in Orkney, Shetland, owned by Wiskemann SA (Wiskemann), a Belgian company. Wiskemann made pre-tax profits of £24,000 in the six months to December 31, 1976. The DHL Group has a shareholding of 813,850 Ordinary shares of 25p each in HMI, representing 35.8 per cent. of the present issued share capital.

The acquisition of the DHL group being acquired amount to £363,348. The adjusted profit and loss account of the DHL group for the 18 months ended June 30, 1976 showed a loss before tax and extraordinary items of £150,373 and the unaudited figures for the six months to December 31, 1976 showed consolidated pre-tax profits of £57,217.

The consideration is the issue to the Hartle Family of 1.9m. new Ordinary shares of 25p each which, at par, amounts to £475,000. The agreement provides for the issue at par of further HMI Ordinary shares of up to a maximum of 500,000 shares, depending on the outcome of three negotiations which the DHL Group has recently commenced.

ASSOCIATES DEALS

Automated Security (Holdings): London Trust Co. recently purchased a further 130,000 Ordinary shares making a total holding of 800,000 shares (10.99 per cent.).

British Tar Products: London Trust now hold 800,000 Ordinary shares (7.68 per cent.).

Greenbrook Securities Holdings: Greenbrook Securities has purchased 20,000 Ordinary shares of the company and now hold 2,015,000 shares (21.23 per cent.).

Dunlop: Hamburg (Nominees) hold 4,895,786 shares (21.83 per cent.). Lloyds Bank (Nominees) hold 2,240,000 shares (9.99 per cent.). and Lloyds Bank (Moorcroft Branch) nominees hold 1,330,000 shares (6.02 per cent.).

SELUKWE/KADUNA

Selukwe Gold Mining and Finance Co. announces that its revised offer of June 15 for the Ordinary capital of Kaduna Syndicate not already owned by Selukwe has now been accepted by Selukwe. Kaduna shares (annex. 80 per cent. of Kaduna). The cash alternative has now closed and the offer remains open until July 8, 1977.

At 3 p.m. on June 30 Selukwe had received acceptances totalling 1,461,943 Kaduna shares and to cash alternative to offer totalling 1,487,353 shares. Selukwe held 5,000 shares prior to offering and acquired or agreed to acquire 124,000 shares during the offer.

J. H. VAVASSEUR

The Board of J. H. Vavasour & Co. has agreed to pay a dividend of 10p per share for the year ended 30 June 1977, on the 7.7 per cent. Redeemable Cumulative Preference.

TURNOVER OF Robert Kilbuck

TURNOVER of Robert Kilbuck & Co. for the six months to March 31, 1977, rose from £33.5m. to £28.5m. against a pre-tax profit of £116,546 against a loss last time of £320,871, which was struck after an extraordinary dividend of £54,772.

The directors state that the steps necessary to ensure the basic soundness of the company have continued to be taken and their beneficial effect is becoming apparent. Caution is still necessary in looking to the future, they say, but further progress is expected.

The loss attributable to the group was £158,238 after tax of £133,642 (£90,560) and minorities £43,372 (credit £28,213). There is again no dividend. The group's profit was 1.764p net per 10p share for 1977-78.

The 75 per cent. owned subsidiary, RKT Textiles, reports a pre-tax profit of £297,535 against £130,217 on turnover up 57.71 from £4.56m. to £6.08m.

The attributable profit is £292,264 (£174,567), and the interim dividend unchanged at 1.3282p net per 10p share.

The directors state that due to the adverse weather there has been a slowdown in the rate of sale of certain summer styles. This is expected to be offset by the sale of the autumn and winter styles. Other books of which are promising.

Folkes Hefo

Mr. J. W. Heston, Chairman of John Folkes Hefo told shareholders that turnover in the first half of 1977 will have increased by about 20 per cent. being the average annual compound rate achieved from 1968 up to 1974. In 1973 the rate of increase fell to 8 per cent. and in 1975 to 4 per cent.

The rate of demand seems to be turning, he added.

Profits in the first half of 1977 would probably not have increased at as high a rate as turnover, due to continuing expenses in re-organisation and development and the increased costs in the housing and building supplies, caused by the abnormality of wet weather in the first half of this year. From now onwards, he anticipated that margins should steadily improve.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, June 29, 1977. The exchange rates are those of the Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. All rates quoted are for information purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Algeria	Dinar	47.80	Guatemala	Quetzal	1.00	Peru	Sol	73.89
Argentina	Peso	136.48	Honduras	Lempira	2.00	Philippines	Phil. Peso	7.269
Australia	Dollar	1.48	India	Rupee	47.54	Poland	Zloty (m)	19.32
Belgium	Franc	36.36	Indonesia	Rupiah	1,577.00	Portugal	Escudo	200.483
Canada	Dollar	0.71	Iran	Rial	20.36	Romania	Leu	16.52
Chile	Peso	53.24	Israel	Sheqel	3.48	Rwanda	Rwanda Franc	20.44
Colombia	Peso	206.48	Italy	Lira	203.70	S. Christopher & Nevis	Dollar	1.00
Costa Rica	Costa Rican Colon	5.00	Japan	Yen	360.94	St. Helena	Dollar	1.00
Cuba	Cuban Peso	24.00	Kenya	Shilling	100.00	St. Kitts & Nevis	Dollar	1.00
Czechoslovakia	Czechoslovak Koruna	20.36	Malaysia	Malay Ringgit	1.00	St. Lucia	Dollar	1.00
Denmark	Krone	6.46	Mexico	Peso	16.67	St. Vincent & the Grenadines	Dollar	1.00
France	Franc	6.55	Nicaragua	Colon	2.00	St. John's	Dollar	1.00
Germany	DM	3.36	Paraguay	Guarani	1.00	St. Pierre & Miquelon	Dollar	1.00
Greece	Drachma	34.07	Peru	Sol	73.89	St. Thomas & Virgin	Dollar	1.00
Hong Kong	Dollar	0.78	Philippines	Phil. Peso	7.269	Trinidad & Tobago	Dollar	1.00
India	Rupee	47.54	Poland	Zloty (m)	19.32	Turkey	Lira	16.25
Indonesia	Rupiah	1,577.00	Portugal	Escudo	200.483	U.S.A.	Dollar	1.00
Italy	Lira	203.70	Romania	Leu	16.52	Uruguay	Peso	34.00
Japan	Yen	360.94	Rwanda	Rwanda Franc	20.44	Venezuela	Bolivar	206.48
Korea	Won	100.00	S. Christopher & Nevis	Dollar	1.00	Yugoslavia	Dinar	13.64
Malaysia	Malay Ringgit	1.00	St. Helena	Dollar	1.00	Zaire	Zaire	20.36
Mexico	Peso	16.67	St. Kitts & Nevis	Dollar	1.00	Zambia	Kwacha	6.791
Nicaragua	Colon	2.00	St. Lucia	Dollar	1.00	Zimbabwe	Dollar	1.00
Norway	Krone	6.46	St. Vincent & the Grenadines	Dollar	1.00			
Paraguay	Guarani	1.00	St. John's	Dollar	1.00			
Peru	Sol	73.89	St. Pierre & Miquelon	Dollar	1.00			
Philippines	Phil. Peso	7.269	St. Thomas & Virgin	Dollar	1.00			
Poland	Zloty (m)	19.32	St. Vincent & the Grenadines	Dollar	1.00			
Portugal	Escudo	200.483	St. John's	Dollar	1.00			
Romania	Leu	16.52	St. Pierre & Miquelon	Dollar	1.00			
Rwanda	Rwanda Franc	20.44	St. Thomas & Virgin	Dollar	1.00			
S. Christopher & Nevis	Dollar	1.00	St. Vincent & the Grenadines	Dollar	1.00			
St. Helena	Dollar	1.00	St. John's	Dollar	1.00			
St. Kitts & Nevis	Dollar	1.00	St. Pierre & Miquelon	Dollar	1.00			
St. Lucia	Dollar	1.00	St. Thomas & Virgin	Dollar	1.00			
St. Vincent & the Grenadines	Dollar	1.00	St. Vincent & the Grenadines	Dollar	1.00			
St. John's	Dollar	1.00	St. John's	Dollar	1.00			
St. Pierre & Miquelon	Dollar	1.00	St. Pierre & Miquelon	Dollar	1.00			
St. Thomas & Virgin	Dollar	1.00	St. Thomas & Virgin	Dollar	1.00			
St. Vincent & the Grenadines	Dollar	1.00	St. Vincent & the Grenadines	Dollar	1.00			
St. John's	Dollar	1.00	St. John's	Dollar	1.00			
St. Pierre & Miquelon	Dollar	1.00	St. Pierre & Miquelon	Dollar	1.00			
St. Thomas & Virgin	Dollar	1.00	St. Thomas & Virgin	Dollar	1.00			
St. Vincent & the Grenadines	Dollar	1.00	St. Vincent & the Grenadines	Dollar	1.00			
St. John's	Dollar	1.00	St. John's	Dollar	1.00			
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St. John's	Dollar	1.00	St. John's	Dollar	1.00			
St. Pierre & Miquelon	Dollar	1.00	St. Pierre & Miquelon	Dollar	1.00			
St. Thomas & Virgin	Dollar							

FARMING AND RURAL MATTERIES

Time-table for grain pact talks

By Our Commodities Editor
A TIME-TABLE for intensifying work on preparations for a proposed new international grain arrangement when the current International Wheat Agreement expires on June 30 next, was agreed at the International Wheat Council meeting in London this week, it was announced yesterday.

The preparatory group studying terms of a new grain arrangement will report to the next Council meeting in November, when a decision will be taken on reconvening a negotiating conference early in 1978.

The move to step up pressure for an international grain pact followed a statement by the U.S. to the Council meeting outlining its new attitude, under the Carter Administration.

One change is that the U.S. is now prepared to cooperate in developing an agreement in which world prices would be a trigger for coordinated action on building up or releasing reserve stocks.

Chairman of the Wheat Council during 1977-78—the crucial year for the international pact negotiations—will be the Soviet member elected to that office, Mr. Valentin N. Polezhev of the Soviet Foreign Trade Ministry. The vice-chairman will be EEC member Mr. Henri Corson, director-general of the French National Cereals Office (Onic).

Lords committee cautions on commodity speculators

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON commodity futures markets should continue to guard against excessive speculation, the Lords Committee on Commodity Prices has issued its long-awaited report yesterday.

The Select Committee, appointed in January, 1976, to investigate the problems of stability in prices of primary raw materials, concluded after five lengthy studies, that commodity futures markets usually help to stabilise prices. In general, it is stated they perform a useful, indeed essential, service to producers and consumers, as well as contributing some £200m. to Britain's invisible export earnings each year.

But the report warns that in unsettled conditions, and especially in times of high inflation, speculative sources having no direct connection, and little knowledge of the commodity, can be a source of destabilising influence on prices.

The London Metal Exchange is not exempt from this danger, the report points out, because it does not have the clearing house facilities used by the other soft and non-metal commodity markets to guarantee all contracts.

The report points to the danger in these circumstances of a financial crisis leading to the collapse of any firm holding a substantial amount of contracts as a cause for concern and recommends that the LME should consider additional safeguards, according to the House of Lords Select Committee on Commodity Prices that issued its long-awaited report yesterday.

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U.S. copper strike deadline

By John Edwards

COPPER PRICES continued to fluctuate nervously yesterday, as the June 30 midnight deadline for the expiry of U.S. copper workers' labour contracts approached. The market dropped sharply in the morning following news that Kennecott, a major producer, had made an improved wage offer to the unions and also amended its previous controversial cost-plus contract proposals.

However, values were again later in the day when the unions rejected Kennecott's "sweetened" offer. Nevertheless, copper cash wirebars closed last night 210 down on the day at \$735.5 a tonne.

Present market sentiment, which changes from day to day, appears to be that, although settlement has not yet been reached, the gap between the two sides has been narrowed to negotiable proportions and that in any event the copper market cannot afford a lengthy stoppage.

Meanwhile, the Commodities Research Unit in its latest monthly review of the copper market estimates that production is continuing to keep up, or exceed, consumption. As a result, world copper stocks have remained at a very high level—an estimated 22.5m. tonnes at the end of May.

● Southern Peru Copper Corporation said operations at its Toquepala mine and its smelter, which processes ore from both Toquepala and Chuquibambilla, had been interrupted by wildcat stoppages.

But it said operations at the Cuajone mine and concentrator had not been affected nor had shipments from Peru of blister and refined copper.

Why 'outsiders' go for British acres

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. SIKKIN'S intention of setting up an inquiry into the sale of profitable farmland in the developed country of the world to foreigners has attracted considerable publicity that has been given to tales of institutions £200 to £300 more than a year ago.

This is not an isolated British phenomenon. The hostility of established farmers and peasants to foreigners buying up farmland, has always been present, and most countries in Europe have effective means of preventing it.

Only in Britain is there a combination of a free market in land and the prospect of even parity with European Community prices, to tempt land-hungry buyers to bid up prices.

It is difficult to determine the exact number of farms which are being purchased by those who could be classed as outside the industry. Institutions that in the last two years has shown a marked increase in the number of farms bought recently, are the Country Landowners' Association estimates that they own about 9 per cent of the land area which has bolstered the price of a portion of this class of landowner: the colleges, the Crown and the Church Commissioners are outstanding examples.

In spite of all the talk of foreign buyers, actual sales are believed to be few. British land is cheaper than that in most of Europe, but much of it is of inferior quality. It is significant under recent legislation (tenancies can pass down through two or three generations of a family, and that of the institutions, has been centred in those areas of land in eastern and southern England ideally suited to intensive arable farming.

This has been by far the most profitable sector recently. Prices there are at their highest, averaging over £1,000 an acre, some being sold for more than a year ago.

There is not nearly as much interest in dairying land and inferior soils. This is in marked contrast to the last land boom in 1974, when £500 to £1,000 an acre was being freely offered for almost anything.

To-day the demand is much more selective, and although the best dairy farms in some cases make well over £1,000 an acre, they are being offered for almost anything.

The reasons for this, I believe, are basically that under the CAP the arable sector seems to have been unduly favoured. And, from their letting, the investment surcharge, institutions suffer no such disabilities. Except in Denmark where capital taxation of farmers is even heavier than in Britain, EEC farmers have little in the way of comparable burdens either of capital or revenue tax.

It seems intolerable to many British farmers that while the income tax on their profits is subject to a disadvantage in this respect, the investment surcharge, institutions suffer no such disabilities. Except in Denmark where capital taxation of farmers is even heavier than in Britain, EEC farmers have little in the way of comparable burdens either of capital or revenue tax.

It seems intolerable to many British farmers that while the income tax on their profits is subject to a disadvantage in this respect, the investment surcharge, institutions suffer no such disabilities. Except in Denmark where capital taxation of farmers is even heavier than in Britain, EEC farmers have little in the way of comparable burdens either of capital or revenue tax.

EEC bid to curb farm fund frauds

By Robin Reeves

BRUSSELS, June 30. THE EEC Council of Ministers has given its assent to a Common Market directive which will require member governments to examine regularly the accounts of companies handling large sums of money from the Common Farm Fund.

The directive is aimed at cutting down the incidence of fraud. Between 1973 and 1975 281 cases involving a total of £3.7m. were uncovered, and a notable feature of the statistics was that the biggest number of discoveries, by far, occurred in West Germany (165) which has a system for checking traders' books on a regular basis.

The directive gives EEC governments until July 1, 1978 to implement the necessary national legislation, and the control system will become fully operational by 1981.

The compulsory examination will apply to all companies handling more than 100,000 units of account (some £40,000) and the Commission calculates that around 2,100 trading concerns will be involved.

New frost fears boost coffee

BY RICHARD MOONEY

AFTER TRADING in a wide range yesterday coffee futures prices on the London terminal market closed about £90 a tonne, but the September position gained 162.5 on balance to £2197.5 a tonne.

An early fall in response to threatening Brazil's coffee growth area was backed up by the fact that there will be a new moon at the week-end. A new moon is expected at a time of particularly high frost risk. The resulting rise was further encouraged by rumours of Brazilian support buying of coffee on London futures.

London merchants G. W. Johnson and Co. forecast yesterday that London coffee futures could be trading in a range of £1,250 to £1,750 a tonne by the end of this year, "assuming there has been no disaster, political or natural, in the producing world."

In a report on the market Johnson said the possibility of frost in Brazil should keep prices above £2,000 a tonne until the end of August.

Our Rio de Janeiro Correspondent writes: The Brazilian Coffee Institute (IBC) has issued its second estimate for the 1977-78 coffee crop, adding 500,000 bags (40,000 tonnes) to the estimate, released last November.

The total now stands at 15.5m. bags with almost half (7m.) coming from the State of Sao Paulo.

Flowering of the trees, the basis of the first estimate, was very varied in November, making it difficult to get a precise idea. This was followed by varied weather conditions, good in January, followed by a long dry spell in February. Incidence of a pest in the "Bicho Mineiro" was also noted.

Call for stock export ban

BY CHRISTOPHER PARKES

SOME livestock exported from Britain to Europe have been known to spend three days en route with neither feed nor water, according to British Veterinary Association officials. Animals transported around Britain are also liable to suffer from stress and even physical harm.

For these reasons the BVA has again condemned unnecessary movement of stock and called for a ban on the export of live animals for slaughter. Stock should be killed in the abattoirs closest to their farms of origin, the association says.

Hundreds of thousands of up fresh documents on landing animals exported for slaughter each year, according to Mr. John PARRY, president of the BVA. A large proportion, he claimed yesterday, while perhaps not strictly in the word, suffered unnecessarily.

He was also concerned that livestock carriers were using larger transporters than in the past. At one recent accident involving a heavy truck he found about 40 sheep smothered.

Mr. Jim Aldrick, secretary of the BVA council, said there had been instances of calves booked out of Britain for customers in Belgium. But he had discovered some shipments had been picking up fresh documents on landing animals exported for slaughter each year, according to Mr. John PARRY, president of the BVA. A large proportion, he claimed yesterday, while perhaps not strictly in the word, suffered unnecessarily.

Export controls hit tea prices

By Our Own Correspondent

CALCUTTA, June 29. AT THE FIRST tea auction held in Calcutta since Mr. Mohan Dharma, the commerce minister, announced a ceiling on tea exports for this year of 250m. kgs, prices were marked down all round.

Tea exporters were also worried by the delay in the issue of licences for shipping. The Indian Tea Board which issues these licences is usually prompt, but this time it is taking longer than usual to clear applications with the result many tea shippers are having to cancel their ship bookings. Possibly some of the U.K. ships now sailing in Calcutta will be forced to sail without their main cargo.

Bacon dearer next week

BY OUR COMMODITIES STAFF

BACON RASHERS could be up to 3p a lb. dearer in the shops next week following first-hand price rises announced yesterday. Danish, Irish and Ulster producers have raised prices by 25p a tonne, while F.M.C. Britain's has raised its price by 20p a tonne.

Although the rises average only 1p a lb. over a whole side, the bacon trade expects the higher costs to be concentrated on middle and back rashers, which are expected to rise 2p and 3p a lb. respectively.

The bacon market has been firmer recently, one trader said with forward orders for Danish supplies noticeably better. He added, however, that bacon of other nationalities had not been difficult to obtain, though no discounts were available.

Bacon consumption in Britain, after hitting record lows in 1976, is now expected to be increasing, according to Karel Sikkin, Danish Agricultural Producer. Citing figures just published by the Ministry of Agriculture, he notes that in the first quarter of the year, bacon consumption was up 1.2 per cent on a head-to-head basis. The first quarter of 1977 saw a 1.1 per cent increase in the sale of Danish bacon.

Coffee and cotton up; grains weak

NEW YORK, June 29.

COTTON advanced sharply especially in the European market, as fears of adverse weather in Brazil caused dealers to bid up prices. Cotton futures in New York rose 12.5¢ to 42.5¢ per lb. The market was also firm for coffee, with prices rising 10¢ to 110¢ per lb. Grains were weak, with wheat down 1.5¢ to 1.15¢ per bushel.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS		WHEAT		BARLEY	
Commodity	Price	Commodity	Price	Commodity	Price
COPPER—Lower after moving sharply on the London Metal Exchange. Relatively unresponsive over the possibility of a strike in the U.S. market. Initial forward metal fell to \$78 from \$79 on the pre-market on news of a strike in the U.S. market. The price rallied to \$77 in the morning, then fell to \$76 before moving back sharply to \$78 in the afternoon following the reaction of the Kennecott wage offer. The closing price on the LME was \$77.5.	77.5	Wheat—Standard, three months 15.70, 15.70, 15.70	15.70	Barley—Standard, three months 10.50, 10.50, 10.50	10.50
LEAD—Firmly reflecting the rise in the price of zinc. Forward standard metal closed at \$2.70 on the pre-market, but took the September position selling in the afternoon fresh buying of cash metal narrowed the contracts to 270 at one point but it subsequently widened to 275. Closing price on the LME was 275.	275	Wheat—Standard, three months 15.70, 15.70, 15.70	15.70	Barley—Standard, three months 10.50, 10.50, 10.50	10.50
ZINC—Firmly reflecting the rise in the price of lead. Forward standard metal closed at \$2.70 on the pre-market, but took the September position selling in the afternoon fresh buying of cash metal narrowed the contracts to 270 at one point but it subsequently widened to 275. Closing price on the LME was 275.	275	Wheat—Standard, three months 15.70, 15.70, 15.70	15.70	Barley—Standard, three months 10.50, 10.50, 10.50	10.50

PRICE CHANGES

Commodity	Unit	Change
Wheat	100 lbs	+0.10
Barley	100 lbs	+0.05
Coffee	100 lbs	+10.00
Cotton	100 lbs	+12.50
Grains	100 lbs	-1.50

Commodities—the next 6 months?

From its all-time high just three months ago the F.T. Commodity Index has declined around 15%, with certain commodities showing much larger price falls. Is the current bear trend likely to continue or will previous peaks be tested over the coming months?

Every six months we devote part of our weekly Market Report to year-end commodity price forecasts. Normally these are available only to trading clients and subscribers, but if you wish we will send a copy of this and the next three issues free of charge. Contact L. J. Clarke on 01-480 6841 or write to

C.C.S.I. Commodities Ltd

Walsingham House, 35 Seething Lane, London EC3N 4AH.

CONTRACTS AND TENDERS

YEMEN ARAB REPUBLIC

MINISTRY OF AGRICULTURE

The Government of the Yemen Arab Republic invites tenders for the delivery, set-up and initial management of a poultry farm 60 km north of Sanaa. Annual production shall be 1,550 tons live weight broils and 37 million eggs.

Financing is being secured from Government sources. Offers for partial or total financing by a tenderer will be welcomed. Tender documents and a feasibility study will be available in the Ministry of Agriculture in Sanaa. Yemen Arab Republic. These can be purchased starting from June 15, 1977, after payment of YR 4,000, this being the cost of tender.

Tenders shall be submitted to the Ministry of Agriculture not later than August 31, 1977, 11.00 a.m. The opening of the same will take place in a public meeting at 12.00 noon the same day.

Commodity	Unit	Price
Wheat	100 lbs	15.70
Barley	100 lbs	10.50
Coffee	100 lbs	110.00
Cotton	100 lbs	42.50
Grains	100 lbs	1.15

Commodity	Unit	Price
Wheat	100 lbs	15.70
Barley	100 lbs	10.50
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01-480 6841

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN COMPANIES

Energy confidence at Ruhrgas

BY ADRIAN DICKS

RUHRGAS, West Germany's largest natural gas distributor with 95 per cent of the market, expressed confidence in the long-term security of supplies, thanks to a policy of continuing diversification.

Out of the Federal Government's target of 87m tons of coal equivalent to be provided by the gas industry in 1986 towards total energy needs, some 35m tons is already assured, Ruhrgas chairman, Herr Klaus Liesen, said in Essen to-day.

In addition to plentiful natural gas supplies during the remainder of this century, Herr Liesen said the way was still open for a greater contribution to be made by synthetic gas derived from coal.

During the past year, Ruhrgas raised deliveries of natural gas by 9.5 per cent to 263.5bn KWH, or 92.7bn cubic metres. Sales to local utilities and distributors rose 9.4 per cent and those to direct industrial customers by 7.3 per cent. However, Ruhrgas stated it had cut prices on some new sales contracts by as much as 5 per cent in response to uneven market conditions.

The company increased its profits from DM41m to DM55.3m, and will pay a DM8.50 (17 per cent) dividend to its shareholders, most of whom are West German subsidiaries of the oil majors, together with the domestic Veba energy group and the country's largest coal mining group, Ruhrkohle.

During the past year, Ruhrgas raised its domestic coal production by 7.3bn KWH. Deliveries

have begun from Gelsenberg's concession at Bockum/Juist.

In addition, a supply agreement has been signed for supply of some 50 per cent of the output of the Tor Field in the Norwegian continental shelf, amounting to about 49bn KWH. Herr Liesen added that deliveries of gas from Ekofisk, long delayed, were now expected to begin by the end of this month.

Together with Gaz de France, Ruhrgas has also now set up Magal, the company which is to build and operate the pipeline bringing Soviet and Iranian natural gas from the German-Czechoslovak frontier to the German-French frontier, with a branch to the German-Austrian frontier.

However, there are plans to issue shares to the company's employees. It was planned to increase the company's nominal DM.96m capital to DM.100m and offer the newly created shares to the staff. The shares will have dividend rights from July 1 this year and will carry a guaranteed dividend of 8 per cent. It was a medium-term target, said Herr Nixdorf, for some 15 per cent of the company's equity to be held by the staff.

Nixdorf order book expands

NIXDORF COMPUTER, the West German computer manufacturer, reported a steep increase in orders during the first half of the year. Compared with the position at the half-year mark last year, the concern's order book advanced by 22.6 per cent.

Orders placed in the first six months were up by 30.3 per cent compared with the first half of 1976 to DM.302m, and the group's order book now stands at DM.569m (£146.5m) compared with DM.464m 12 months ago.

Turnover in the first half rose by 11.3 per cent from DM.256m to DM.285m (£70.4m). When West German natural gas supplies by 7.3bn KWH. Deliveries

Recovery at Flachglas

FLACHGLAS AG Delag-Detlag, one of the leading West German glass making concerns, made a strong recovery in 1976 after two years of heavily declining sales reports. The first four months of the current year also indicate that the healthier trend in the group's business is continuing, said a report out to-day.

Turnover in 1976 rose by 15.3 per cent from DM.581.3m to DM.669.5m (£177m), and came close to equalling the decline of the two previous years, which were brought up to just under DM79m.

Axel Springer profits rise

AXEL SPRINGER Verlag, West Germany's largest newspaper publishing house, to-day reported large increases in both sales and profits for 1976.

The group, which owns the popular Bild Zeitung and the middle-brow Die Welt—West Germany's only truly national newspaper—said that business this year was satisfactory "all things considered".

Turnover last year rose by 12 per cent from DM1.27bn to DM1.43bn (£383.1m), while profits went up by just over 45 per cent from DM25.7m to DM77.3m (£20m). Some DM10m was allocated to reserves which were brought up to just under DM79m.

Jacques Borel sees more losses to come

Financial Times Reporter

JACQUES BOREL, International SA, the financially troubled French hotel group, gloomily confesses that its 1977 loss will easily exceed the deficit of Frs.53.7m reported last year.

Measures now being taken to restore group profitability, the company's shareholders were told at yesterday's annual meeting in Paris, will only begin to be felt in 1978.

Last May, the company disclosed a 1977 first quarter consolidated loss of Frs.34.5m. This deficit was very nearly three times the loss of Frs.12.3m seen in the same period of 1966 and, representing 64 per cent of the total 1976 shortfall, made it clear that all the difficulties were not yet over.

Addressing shareholders, the company refused to forecast any actual 1977 deficit. However directors spelt out a number of separate steps now being taken to contain the slide.

Jacques Borel said that it will limit investments to operations already started or to ones "considered absolutely indispensable".

Insisting that it will immediately move to renegotiate all contracts with oil companies and the French Government, company officials said that overseas investments will be limited to those located in Egypt, Iran, Morocco and Brazil.

The company added that the recent decline in the Jacques Borel share price will force certain group subsidiaries holding shares to make new provisions for portfolio depreciation.

The resignation last month of M. Jacques Borel, the company's founder and group chairman, for personal reasons was confirmed. His successor was named as M. Bernard Trezenem, who is currently deputy managing director of BSN-Gervais Danone.

Peugeot-Citroen expects slower second half

BY ROBERT MAUTHNER

PEUGEOT-CITROEN, motor car company, to-day announced in its annual report that, although production and sales were at a very high level in the first few months of this year, prospects for the second half of 1977 were less favourable.

In the first three months of this year, Peugeot and Citroen production combined totalled 414,480 vehicles, a rise of 10.7 per cent over the same period last year. New domestic registrations of Peugeot and Citroen cars during the first quarter were up by 9.9 per cent over the first three months of 1976, but this was less than the rise of 13 per cent in total new registrations.

Exports, on the other hand, rose by much more than the national average—29 per cent compared with 19.5 per cent for total French car exports. For 1977 as a whole, exports are expected to exceed last year's figure, even though the rate of increase for the remaining months of this year is expected to be lower than in the first half as a result of the slack economic climate.

In 1976 the group's world production amounted to 1.5m vehicles, a year-on-year rise of 11.9 per cent. Peugeot's and Citroen's combined production in 1976 before they were merged into one company. Exports last year totalled 745,700 vehicles, up 36 per cent on the Frs.19 seen last year. Sales rose per cent to Frs.443.6m. The report confirmed earlier Frs.356m.

PARIS, June 30

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Upturn at Club Mediterranee

CLUB MEDITERRANEE, French holiday resort operator, announces sharply higher profits and sales for the six months ending last April.

The group reports first profits before tax of Frs.37.1m up 36 per cent on the Frs.19 seen last year. Sales rose per cent to Frs.443.6m. The report confirmed earlier Frs.356m.

Siber Hegner looks for growth

BY JOHN WICKS

GROUP TURNOVER of the international trading concern Siber Hegner SA this year is budgeted to reach a record figure of some Sw.Frs.1.1bn. Last year, when there was particularly heavy demand on Far-Eastern markets.

Profits of the family-controlled group were unsatisfactory over the past two years, according to Ralph H. Gautier, board chairman of Siber Hegner Holding AG. The group's profit figure, which is not published, should be better for 1977, he added.

In the first quarter of this year, turnover increased by 31 per cent over the corresponding period of 1976, while gross profits rose by only 7 per cent because of heavy competition. Gautier

ZURICH, June 30

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Compensation by Ciba subsidiary

THE SWISS chemical firm Ciba-Geigy said to-day that its Japanese subsidiary had agreed to compensate patients who contracted a disease after taking certain anti-diarrhoea medicines, reports Reuter from Basle.

In June last year Ciba-Geigy admitted there was "a causal relationship" between some of its anti-diarrhoea medicines containing the drug cinoxon and the disease SWON, an abbreviation for Subacute Myelo-Optico-Neuropathy.

The announcement from Ciba-Geigy headquarters to-day said an estimate of the financial implications was not yet possible, though the subsidiary Ciba-Geigy (Japan) Limited and its partner, Takeda Chemical Industries, expected to cover about one-third of the damages involved.

Fox bids for Midwest bottler

BY CANDACE CUMBERTI

TWENTIETH CENTURY-FOX has taken its first step in a long anticipated diversification effort. The U.S. distributor and producer of motion pictures for cinemas and television announced a \$27.5m offer to acquire Coca-Cola Bottling Midwest.

The offer of \$26 per share to the Minneapolis based soft drink bottler for each of its 1.06m outstanding shares has been approved by the boards of the two companies. A special meeting of Midwest's shareholders is scheduled for August 9 or 10, and an affirmative vote of two-thirds of the shares is necessary to give final approval to the bid. Already Midwest's chairman and president have assured Fox that they will tender their 28 per cent interest in the company.

This is the first time that Fox has moved into a field outside of the entertainment industry.

NEW YORK, June 30.

Some projections indicate it will enable the company to move ahead more rapidly in a diversification programme.

Some projections suggest the film may bring in as much as \$125m in world wide rentals over the next two-and-a-half years. As a result, some analysts have pushed projected earnings for Fox to \$4.5 a share for 1977 and 1978. Fox earned 47c a share in 1976 and \$3.97 a share in 1975.

Company spokesmen say that they are not following the moves of the entertainment conglomerates, such as Warner and MCA, although most companies in the entertainment industry have sought to even out their boom and bust cycle with the acquisitions of firms that bring stable earnings and reliable growth records. Fox plans to stick to companies that are considered summer product oriented.

Expansion by Juvena

BY OUR OWN CORRESPONDENT

THE SWISS cosmetics concern Juvena, which is controlled by the British-American cosmetics subsidiary of the BAT group, has booked an 18 per cent increase in sales since the start of this year and is back in the profits zone.

For the group consisting of Juvena, Gainsborough and the Swiss toiletries firm Binella, year ended June 30, 1977, due to restructuring costs.

ZURICH, June 30.

January 1. The new Juvena division of British-American Cosmetics reports a particularly good development on the German market and intends to continue what is called "an expansion course".

The remaining Swiss holding company Juvena Holding AG of Volketswil, will show an anticipated loss for the financial year ended June 30, 1977, due to restructuring costs.

KPA bribes probe

BY JOSEPH MANN

THE LOWER house of the Venezuelan Congress has asked Venezuela's Attorney General to investigate a charge that the Kellogg-Pan American Corp. (KPA) had allegedly paid some \$350,000 in bribes or commissions in its dealings with the government owned petrochemical institute, the IVP.

Kellogg, an American firm, has been responsible for overseeing construction of the government's El Tablazo petrochemical complex in Zulia state. The El Tablazo site already has absorbed hundreds of millions of dollars

CARACAS, June 30.

in state funds but has thus far failed to work on a regular basis. The IVP—Instituto Venezolano de Petroquímica—controls development of El Tablazo and all other petrochemical projects in Venezuela, but is now being reorganised by the government.

The government already carried out an investigation of Kellogg after charges were made that the company installed over a thousand metres of pipeline at out of specification. Although Kellogg denied any wrong doing in the matter, the equipment was replaced.

ASSI hardboard closure

ARTIBOLAGET Stens Skogs

stop hardboard production by the end of 1978 and has started discussions with union representatives over the future of the plant's more than 200 employees down the hardboard plant at Lövholm, not the Kraftliner factory in the same place, as this month as part of a plan to reported in the Financial Times secure outlets for its Kraftliner on the British corrugated board market.

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This announcement appears as a matter of record only



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June 1977

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Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 15th July, 1977 from the brokers to the issue:—

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and
The Stock Exchange

1st July, 1977

هكزا من الأصول

INTERNATIONAL FINANCIAL AND COMPANY NEWS



Multinationals speed up payments from S. Africa

BY RICHARD ROLFE
A NUMBER OF U.S. multinational companies operating in South Africa are believed to be speeding up payments from the Republic...

Compagnie Financiere de Suez bank move

By Michael Blanden
THE London banking operations of the major French financial and industrial holding company, Compagnie Financiere de Suez, are being merged...

NUOVO PIGNONE Facing a nuclear future

BY PAUL BETTS, IN ROME
NUOVO PIGNONE, the Florence-based high technology subsidiary of the state enterprise ENI, is to start production in September...

Debt figures rejected

BY BRIDGET BLOOM
SOUTH AFRICA'S overall indebtedness is not as large as recent figures published by the International Settlements suggest...

Fitzwilton sale approved

SHAREHOLDERS in Fitzwilton, the Irish investment group, today approved the sale of Thomas Dockrell Sons...

For several years ENI effectively failed to grasp the potential of Nuovo Pignone. But it has now turned the company round and achieved one of the most successful State salvage operations in a country where State rescues have often been extremely hazardous and uneconomical.

MOROCCO raising \$100m.

BY FRANCIS GAHLES
A NUMBER of loans which have been arranged for Morocco are being guaranteed by the State phosphate company OCP...

Swire Properties deal

SWIRE PROPERTIES has bought the entire share capital of Sutherland Properties from Cheung Kong (Holdings)...

Write-down at Alitalia
ROME, June 30. ALITALIA, Italy's State airline, yesterday agreed to increase its posted a loss last year of L40bn. capital to L120bn. through (about £27m.) compared to a loss rights issue.

Table with columns: STRAIGHTS, MID-DAY INDICATIONS, CONVERTIBLES, FLOATING RATE NOTES. Lists various bond prices and indicators.

Table with columns: \$61m, \$115m, \$137m, \$68m, \$103m, \$122m, \$148m, \$82m, \$107m, \$127m, \$161m. Large numerical values in a grid.

PIA Pakistan International Airlines Corporation. US \$12,000,000 medium term loan. Guaranteed by The Islamic Republic of Pakistan. Managed by Amex Bank Limited.

Creditanstalt-Bankverein. If you can solve this in 4 minutes, Creditanstalt-Bankverein is probably your sort of bank. We're used to turning business and financial problems round rather quickly.

Index rises 2.9 on inflation optimism Dollar erratic

BY OUR WALL STREET CORRESPONDENT

A FIRM trend prevailed on Wall May was virtually ignored by Street today, following a more favourable outlook on inflation and interest rates.

The Dow Jones Industrial Average rallied 2.97 to 916.30 and the NYSE All Common Index rose 29 cents to 353.10.

Investors were encouraged by yesterday's Agricultural report of a 5 per cent drop in U.S. Farm Prices.

The Federal Reserve report of a rise in Money Supply for the second month in a row came too late to have any effect on the Stock Market.

According to the Fed's report, basic Money Supply for the second month in a row came too late to have any effect on the Stock Market.

The General Bank also reported a decline in U.S. Business Loans for the week ended June 22.

Canadian International Power "A" added \$1 at \$213 before being halted pending details on the distribution of assets of the company.

PARIS—Market firmed, with the 1 point fall to per cent in Call Money and the cancelling of the proposed OPEC 5 per cent oil price rise helping sentiment.

FOODS, MOTORS AND CONSTRUCTION were particularly strong. Peugeot rose Frs.49 to 238.9 despite saying it might have to revise downwards production and profit forecasts.

AMSTERDAM—Market was mixed in early trading. Dutch Internationals slightly firmer. Shippings also were slightly firmer.

MILAN—Generally higher, with operators encouraged by the Italian Coalition Party's agreement on Wednesday, and reports of an improved May balance of payments deficit.

JOHANNESBURG—Gold shares were firmer in line with the higher bullion price, but gains were small.

STOCKHOLM—Generally steady. In Banks, Kreditanstalt Bearer was mixed in early trading.

VIENNA—Well maintained. The general atmosphere was positive and most gains were scored in late trading.



Conditions in yesterday's foreign exchange market remained fairly quiet for most of the trading period.

While the dollar lost ground early on, the Japanese yen appeared to strengthen.

Exchange rates for various currencies including the Swiss franc and the Japanese yen.

GOLD MARKET

Table with columns for Gold Bullion, Gold Coins, and various international gold prices.

FOREIGN EXCHANGES

Table showing exchange rates for various currencies like New York, London, and others.

OTHER MARKETS

Table listing prices for various commodities and financial instruments.

THURSDAY'S ACTIVE STOCKS

Table listing active stocks and their price changes for Thursday.

OTHER MARKETS

Table showing prices for various commodities like oil, sugar, and metals.

Indices

Table showing various stock indices and their performance.

NEW YORK - DOW JONES

Table showing the Dow Jones Industrial Average and other major indices.

STANDARD AND POORS

Table showing Standard & Poor's 500 Index and other market data.

OVERSEAS SHARE INFORMATION

Large table listing various international stocks and their prices.

INVESTMENT PREMIUM

Table showing investment premiums for various assets.

CANADA

Table listing Canadian stocks and their prices.

AMSTERDAM

Table listing Amsterdam stocks and their prices.

COPENHAGEN

Table listing Copenhagen stocks and their prices.

VIENNA

Table listing Vienna stocks and their prices.

EXCHANGE CROSS-RATES

Table showing cross-rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for Euro-currency deposits.

TOKYO

Table listing Tokyo stocks and their prices.

AUSTRALIA

Table listing Australian stocks and their prices.

BRUSSELS/LUXEMBOURG

Table listing Brussels/Luxembourg stocks and their prices.

PARIS

Table listing Paris stocks and their prices.

SWITZERLAND

Table listing Swiss stocks and their prices.

FORWARD RATES

Table showing forward rates for various currencies.

OSLO

Table listing Oslo stocks and their prices.

INDUSTRIALS

Table listing industrial stocks and their prices.

SPAIN

Table listing Spanish stocks and their prices.

STOCKHOLM

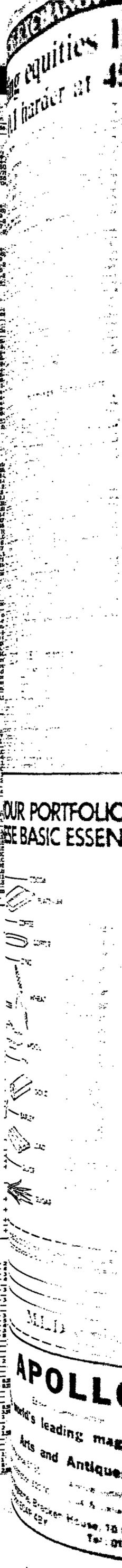
Table listing Stockholm stocks and their prices.

MILAN

Table listing Milan stocks and their prices.

VIENNA

Table listing Vienna stocks and their prices.



STOCK EXCHANGE REPORT

Leading equities little changed but Gilts down again Index 0.1 harder at 456.3—Good debut for City Hotels

Account Dealing Dates table with columns for Dealings, Last Account, and Dates.

Stock markets made a dull start yesterday and, although leading shares ended with little change on balance, the overall tone at the close was still uncertain.

Trade was further reduced as measured by official rankings of 4,718 as compared with Wednesday's 5,002 and Tuesday's 6,067, and a further fall-off in business in BP shares was reflected in respective markings in the Oil sector of 481 against 707 and 1,290.

After being 2.1 down at the 10 a.m. calculation, the FT Industrial Ordinary shares index hardened to show a net rise of 1.0 at 3 p.m. before drifting down to a net rise of only 0.1 at 456.3.

event, was short-lived. Thus, in the unofficial dealings both the long and the short were at the day's lowest with the former showing falls extending to 1.1, the partly-paid Treasury 1.1 per cent, 1991, being that much down at 191. Shorter maturities were up to 1/2 down, usually in the higher-coupon issues such as Eschequer 12 1/2 per cent, 1981, at 106.1.

A slightly firmer opening tone in the investment currency market gave way immediately and the premium drifted down from 115 to 114 per cent, at which level the volume of business improved.

ICI softened a couple of pence to 406 in quiet chemicals, where Albright and Wilson contrasted with an improvement of that much to 113p.

De La Rue wanted Speculative demand in a thin market lifted De La Rue 1/2 to 517p. Other miscellaneous industrial leaders generally closed steady or two lower.

Union Corp. up Mining share markets enjoyed a much better day than of late with South African-based issues particularly in demand.

Aggressive buying from local and overseas sources prompted a rise of 15 in Union Corporation, which closed at 232p, after 230p, while UC invests advanced 15 in sympathy.

The weakness of the U.S. dollar prompted a 50 cents gain in the bullion price to 143.125 per ounce and enabled South African Gold to recoup all its losses of Wednesday's losses. The Gold Mines index regained 3.1 to 111.4.

4 cheaper at 21p. RKT Textiles contrasted with a rise of 3 to 47p on the first-half profits increase.

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The weakness of the U.S. dollar prompted a 50 cents gain in the bullion price to 143.125 per ounce and enabled South African Gold to recoup all its losses of Wednesday's losses.

The continued firmness of the metal price both in Penang and here prompted further gains in Tin. Geovore rose 10 up to 805p, Southern Malay 7 better to 190p and Trovoh another 2 to the good at a year's high of 137p.

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FINANCIAL TIMES STOCK INDICES table with columns for various indices and their values.

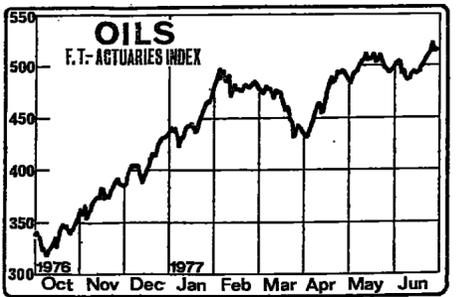
HIGHS AND LOWS table showing high and low prices for various stocks.

ACTIVE STOCKS table listing active stocks and their prices.

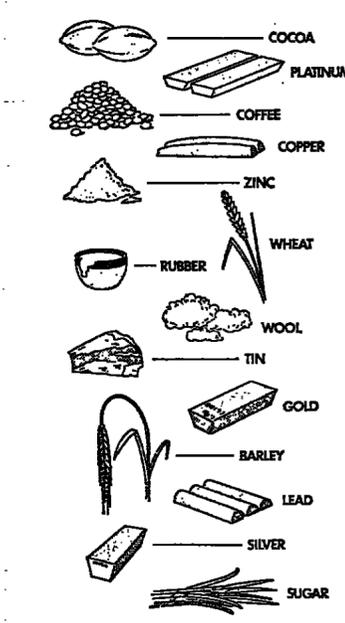
NEW HIGHS AND LOWS FOR 1977 table showing new highs and lows for 1977.

MONTHLY AVERAGES OF STOCK INDICES table showing monthly averages.

RISES AND FALLS YESTERDAY table showing rises and falls from yesterday.



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Contact form for M.L. Doxford & Co. Ltd. with fields for Name, Address, and phone number.

RECENT ISSUES

Table of recent issues in equities with columns for issue name, price, and change.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for stock name, price, and change.

"RIGHTS" OFFERS

Table of rights offers with columns for issue name, price, and change.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of equity groups and sub-sections with columns for group name, index, and change.

Table of fixed interest price indices with columns for index name and value.

APOLLO magazine advertisement with text 'The world's leading magazine of Arts and Antiques' and subscription information.

OPTIONS TRADED advertisement with text 'and City, Louth, Mettoy, Matthews Higgs, Burnham Oil Premier Consolidated, Bury Wiggins, Inverordon, Reyrolle Parsons, Rustenberg, Plessey, Swan Hunter, Fitch Lovell, Redfearn Glass, and Matthews Higgs. A pit was done in Beaverbrook A, while doublets were arranged in BP near, Ultra-mar and Matthews Higgs.'

Table of fixed interest price indices with columns for index name and value.

Banque Bruxelles Lambert

Main balance-sheet items
at March 31 (BF billion)

	1975-76	1976-77	Change
Balance-sheet total	381.6	429.8	+ 12.6 %
Deposits of customers (and medium-term notes)	207.8	246.9	+ 18.9 %
Deposits of bankers (and of subsidiaries)	131.0	146.9	+ 12.1 %
Shareholders' equity	9.9 (1)	10.3 (2)	+ 3.1 %
Loans to private sector	140.6	152.2	+ 8.2 %
Loans to Belgian public sector	104.0	111.2	+ 7.0 %

(1) after distribution of the net profit of the financial year and including the subordinated loans totalling BF 3 billion.
(2) taking into account the capital increase of May 11, 1977, and the distribution of the net profit of the financial year decided by the annual general meeting of June 23, 1977.

Development of activities and improvement of profitability. Net dividend increased from BF 40 to BF 60

1. Summary of the 1976-1977 financial year

The financial year ending on March 31, 1977, which took place in an unfavourable economic environment, may be resumed as follows:

- harmonious carrying out of the operational merger and of the integration of personnel and their activities
- continued growth of the Bank
- development of most activities, both those linked to the national market and those with an international orientation.

Increase of 7.7% in the total of credits accorded to the private and public sectors; participation to the extent of BF 42.2 billion in the placing of loans by the public authorities.

Management or co-management of 33 international issues representing a total amount issued of nearly 5.2 billion; increased contribution to the medium-term financing of capital goods exports, including major projects in South Korea, Kenya, Togo and the U.S.S.R.

- tightening of links with foreign partner banks in the international associations, Abecor, S.F.E. and S.F.O.M.
- reorganization of several subsidiaries and participations, notably in the banking sphere in Luxembourg - merger of Banque Internationale a Luxembourg and Banque Lambert-Luxembourg - and in Switzerland - merger of Banque de Bruxelles (Suisse) and Banque Lambert (Suisse) into Banque Bruxelles Lambert (Suisse) - as well as in leasing activities in Belgium (merger of Locabel, Multifina and Fininvest under the name of Locabel-Fininvest)
- declaration of the rate of growth in overhead costs, which was the basis for a first step on the path of improving overall profitability.

Profit, before duties, taxes, depreciation and provisions,

The annual report is available on request from
Bank Brussels Lambert (UK) Ltd, St. Helen's - 1 Underhaft, London EC3P 3EY.

amounted to BF 1,993.4 million as against BF 1,585.4 million in 1975-76. After deduction of fiscal charges and amounts for depreciation and provisions, the financial year closed with a net profit of BF 594 million compared with BF 265.1 million in 1975-76. Account being taken of bank subsidiaries, the consolidated net profit for the past financial year was BF 666.3 million.

The annual general meeting, which was held on June 23, 1977, approved payment to the 3,302,000 shares in issue before the recent capital increase (see below) of a dividend of BF 60, net of withholding tax, compared with BF 40 for the previous financial year.

2. Capital increase and reorganization

It will be recalled that the extraordinary general meeting of May 11, 1977, approved an increase of BF 3 billion in the shareholders' equity of the Bank, this being subscribed by Compagnie Bruxelles Lambert with the intention that this subscription be a substitute for the subordinated loans contracted in June 1975.

After this operation, there will be commenced, as already announced, the second phase of the plan aimed at setting up a group with a well balanced structure and a truly European dimension. This group will comprise two autonomous operational entities, the Banque Bruxelles Lambert itself and the financial services company, Compagnie Bruxelles Lambert, as well as a third company to be called 'Groupe Bruxelles Lambert' which will hold virtually the entire capital of the financial services entity and that part of the capital (now about 45%) of the banking entity which is not in the hands of the public.

Uranium and concern for the Aborigines

BY PAUL CHEESERIGHT

THE PROSPECT of a more congenial future for the Aboriginal population of Australia's Northern Territory is closely linked with any decision the Commonwealth Government may make to permit uranium mining in the area.

An announcement of the Government's intentions is expected shortly now that the Prime Minister, Mr. Malcolm Fraser, has returned to Canberra from an overseas tour. One of his concerns has been to discuss with potential customers the conditions for future uranium sales.

That concern, allied to Mr. Fraser's May 24 statement of a policy on nuclear safeguards, is as good an indication as any that the Australian Government is moving towards a decision to permit mining at the Ranger deposit owned by Peko-Wallend, E.Z. Industries, and the Government itself, and perhaps later at the Pancontinental-Getty Oil deposit at Jablika.

The Aborigines of the region have been traditionally opposed to mining, viewing it as another white man's intrusion into an area in which they have lived for at least 25,000 years as the only ethnic group regarding it as a permanent home.

On such a basis alone, uranium mining may be seen as a hazard to the Aborigines, but the Australian Government has been presented with the means to accommodate Aboriginal interests while permitting the development of a significant international energy resource.

The means are the provisions for mining laid down in the Ranger Uranium Environmental Inquiry Second Report, prepared by a Commission led by Mr. Justice Fox. Two Australian Governments have refused to make a mining decision before the completion of the report.

Technology

The document itself is a long appraisal of the potential effects of mining on the regional environment considered in its widest sense. Its recommendations are a series of interlocking proposals related to ecology, mining technology, marketing and supervision, but based on a sensitive appreciation of Aboriginal welfare.

Indeed, the Fox report is complex enough to make it difficult to envisage any approach to it other than outright acceptance or rejection. It does not lend itself to piecemeal decisions.

The area covered by the report surrounds the Alligator Rivers and is to the east of Darwin, hanket on its north western side by Van Diemen Gulf. Two parts of it, Arnhem Land and Wool-

wonga, are already Aboriginal reserves. Ranger and Jablika are just to the west of the Northern Territory land reserve. There are two wildlife sanctuaries in the area.

Broadly, the report suggests that Aborigines should be given title to the land in the area and that the preservation of their

territory) Act, 1976. It provides, in effect, a way for the Aborigines to claim ownership of land to which they have a traditional attachment. It is a significant recognition of a section of self-determination of a section of the Australian population described in the Commission's report as 'depressed and debased'.



"Aborigines in the region have remained in physical and cultural isolation from other cultural groups until relatively very recent times." - Fox Commission report.

land sites, which have strong spiritual connotations, would be best secured by the creation of a national park in the region.

The report accepts that a town will be necessary to house mine workers, but the numbers living in it should be restricted with no provision made to accommodate tourists. Dislocation, in other words, should be kept to the minimum.

It was primarily to keep the disruption of the area to the lowest and most peaceable levels possible that the Commission argued for a sequential development of mining in the area: Ranger first, and then Jablika if necessary.

The idea of the national park is designed to protect the physical environment; the handing over of land titles to the Aborigines is to strengthen their position in the area, and to enable them to exercise a measure of control over the mining.

The way was opened towards this course by the Aboriginal Land Rights (Northern Territory) Act, 1976.

In fact, there are only 800 Aborigines in the area surrounding the prospect mine sites and the trouble to accommodate their intent and the interests of the group generally, reflect increasing Australian concern with a community which has been persistently disadvantaged in its contacts with the man.

The Fox Commission's concern is parallel to efforts recently in other fields to improve the Aborigines' standard of living while maintaining their cultural identity. Expenditure has been increased on education, special loans available for home owner and so on.

The Commission relates the Aboriginal population of Arnhem Land was decimated after contact with colonists; the latter part of the 19th century, one group of 190 people was reduced to 60, largely to the spread of tuberculosis and leprosy.

Later, the main problem has been alcohol. "The future of these people will depend largely part on removing or stalling reducing the cause of this problem," the Commission says. "There are no fewer than 21 reports on the Aboriginal alcohol problem gathered in the Government departments of Darwin."

Arguing that the problem largely a symptom of stress, not the reflection of an inherent biological weakness, the Commission considers there is now an opportunity to improve the situation. No will be improved by the g of land titles. The national will help prevent intrusion, provide job opportunities, type compatible with Aboriginals' traditional nomadic life style.

Mining will, of course, provide cash, which will, hoped, provide a basis for more independent Aboriginal existence. "We do not understand it to be the current in the population at large the Aborigines should be expected to abandon or modify beliefs or change their life. They may well do both, but in their own time and in their own way," declares the Fox mission.

The bright lights taste comes to Telford.

When the Cinzano people decided to bottle their famous vermouth themselves in Britain, they went determinedly about the business of finding the best possible location for their new project. It had to fulfil several important requirements: for instance, it had to provide a pleasant home environment for the valued Cinzano work-force; it had to be in the right situation for a distribution centre; and it had to offer a welcome in the form of assistance and co-operation towards industrial investment—such as Cinzano was proposing.

After a thorough search, they chose Telford—where their U.K. bottling and distribution complex was

officially opened on 1st July. So now all Britain's Cinza is being bottled at Telford.

Dr. Eduardo Ferrero, Managing Director of Cinzano (U.K.) says: "Our decisions on choosing a site were based on many factors, such as location, availability of labour, and price. On balance, Telford offered us the best deal we saw. Telford's assistance—not only from the straight industrial aspects—has been considerable, and I would most certainly recommend anyone considering a business move to look closely at what Telford has to offer."

The trend towards Telford is summed up in Dr. Ferrero's comments. So if you're thinking of moving, expanding, or just opening—think Telford. It offers a great deal—and a great future. Post the coupon, or contact



Bob Tilmouth, Commercial Director

Telford Development Corporation

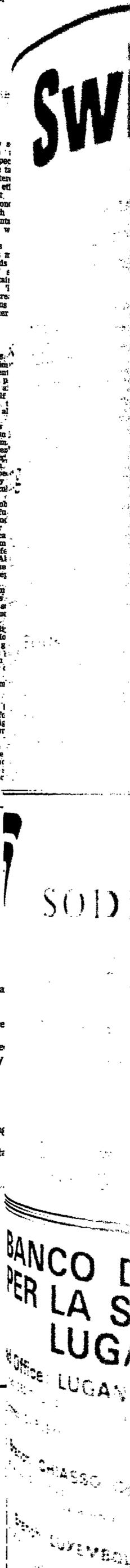
Princes Hall, Telford, Salop TF2 9NT
Phone: Telford (0952) 613131 Telex: 353359

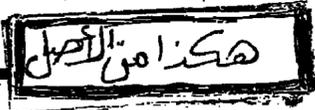


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Swiss Capital Market

Switzerland is slowly—but it seems surely—emerging from the recession which has given the country its worst time since the war. This should lead in turn to a better economic climate for its traditional activity as a leading world financial centre.

Hopes of a gentle upswing

By John Wicks

Special Correspondent

SWITZERLAND'S success in post-war years as a centre of international finance has been closely linked to its thriving economy, as well as to such other considerations as political stability and neutrality. But in the past two years the country's prosperity has taken a few knocks from which it will need some time to recover.

The 1975 recession was the biggest setback since the war for the Swiss. Gross National Product declined by 1.5 per cent in nominal terms and by 7.6 per cent in real terms, employment shrank by 6 per cent and most major industrial and trading concerns were faced by a noticeable drop in profitability. The hoped-for improvement was disappointingly modest during the course of last year; indeed industrial output as a whole and real GNP stuck at 1975 levels. The

most that could be said for the economy was, in the words of the Government's Economic Studies Commission, that it developed less unfavourably than in 1975.

Seen from the outside, things might appear totally different. After all, the Swiss balance of payments surplus on current account jumped from SwFr 510m to a record SwFr 6.88bn in 1975, and according to National Bank estimates, should come out even higher at SwFr 8bn for 1976. Paradoxically, this development is largely the result of recession, the slump in domestic demand having hit import requirements so much as to slash the record foreign trade deficit of SwFr 7.58bn in 1974 to a narrow gap of SwFr 840m the following year and, in 1976, to yield the country's first export surplus since 1953. The export figure also expanded rapidly as a result primarily of the constant appreciation of the floating Swiss franc, while the services balance also improved.

Reverse

For the current year, the slow return to normalcy looks like bringing about the reverse as much as 7.6 per cent in real terms, employment shrank by 6 per cent and most major industrial and trading concerns were faced by a noticeable drop in profitability. The hoped-for improvement was disappointingly modest during the course of last year; indeed industrial output as a whole and real GNP stuck at 1975 levels. The

Actual economic growth, however, will be only very gradual



Trading on the Basle Stock Exchange.

for a long time to come. A recent report by the Federal Bureau of Statistics says that 1978 will probably see a continuation of the current recovery, though not sufficient to bring about "a real upswing," while forecasts by the Swiss Bank Corporation pre-suppose real GNP growth rates of only 1 1/2 to 2 1/2 per cent annually up to 1981, continued stagnation in the hard-hit construction sector and below-average development of private consumption. It seems much longer ago than it actually was since the Swiss government was taking drastic

steps to counter the ill-effects of a super-boom economy. While the days of rapid economic expansion are over for Switzerland, there is now, in mid-1977, no lack of encouraging signs for more manageable growth. Despite a further decline in employment levels by some 1 to 1 1/2 per cent this year, the Government sees Gross Domestic Product as improving by between 1 1/2 to 2 per cent, thanks to a return to improved productivity last year and this. For the first quarter of 1977, figures for which have just been published, industrial

output was 5 per cent above that for the corresponding period of last year, even though production volumes were down in the important chemical industry. Exporters are doing rather better thanks to both better international demand and a stabilisation of the Swiss-franc exchange rate—now slightly below the trade-weighted peak it reached last year. For the first 5 months of 1977 Swiss exports were up 13.5 per cent to SwFr 16.69bn. Imports rose 20.3 per cent to SwFr 17.4bn for the same period. As a result—not least of that for the corresponding average prices—actually, export growth after price-weighting was more than that for imports. With regard to major components of domestic demand, retail sales have perked up again after the doldrums of 1975 and 1976. Investment demand is expected to start improving in the medium term, although prospects are still gloomy for the building industry, which continues to suffer from a serious post-bonanza hangover. The public authorities remain big spenders for the time being but

the rejection in a June 12 referendum of the introduction of VAT will have repercussions on Federal expenditure and, indirectly, on that of cantons and communes. Of importance for the international capital market is the trend in inflation and interest rates in Switzerland over the coming months and years. In fact, there is no reason to expect any jump in Swiss rates to anything like an approximation of world levels in the foreseeable future.

Slight
For the past 12 months the annual inflation rate in Switzerland has been of the order of only 1 per cent. The Government's economists expect a slight increase in this rate in the coming months as a result of increasing import prices and, to a certain extent, higher domestic producers' prices. In part these will result from the stabilisation of the Swiss franc rate. Wages are showing a very slight acceleration, too, albeit still with only very narrow improvements in real terms: in the first quarter of 1977, rates here were higher by some 1.3 per cent than for the corresponding period of last year. The large-scale reduction in jobs has been offset almost wholly up to now by the repatriation of foreign employees in the work force, and by a large number of Swiss—such as married women and the elderly—leaving their jobs, so that the unemployment figures have not fallen off substantially in the past year and are now equal to only 0.4 per cent of total work force. There has also in recent months been an increase in general interest rates. But deposit rates have shown a marked rise in capital markets and there has been a probable modest acceleration of the cost-of-living indices, and interest rates will remain definitely low by international standards. To-day the bank rate is admittedly not of the same significance as in many other countries, is only 2 per cent and has been since early June of last year. The National Bank has made it clear over and over again that money supply is not to be permitted to cause a undesirable recrudescence of inflation. Some of the dynamic undoubtedly gone out of the Swiss economy. The population is no longer growing and indeed recently shown its first decline since the 1920s. Further industrial expansion with Switzerland is difficult, and very few major projects are foreseen. The coming four years are likely to see a further stagnation in opportunities. Individual companies and industrial sectors used to success in the past, going through a very hard time. But Switzerland is still one of the richest countries in the world, with the highest standards of living. There is no social unrest, no political ferment, and the business slump around the corner to change this.



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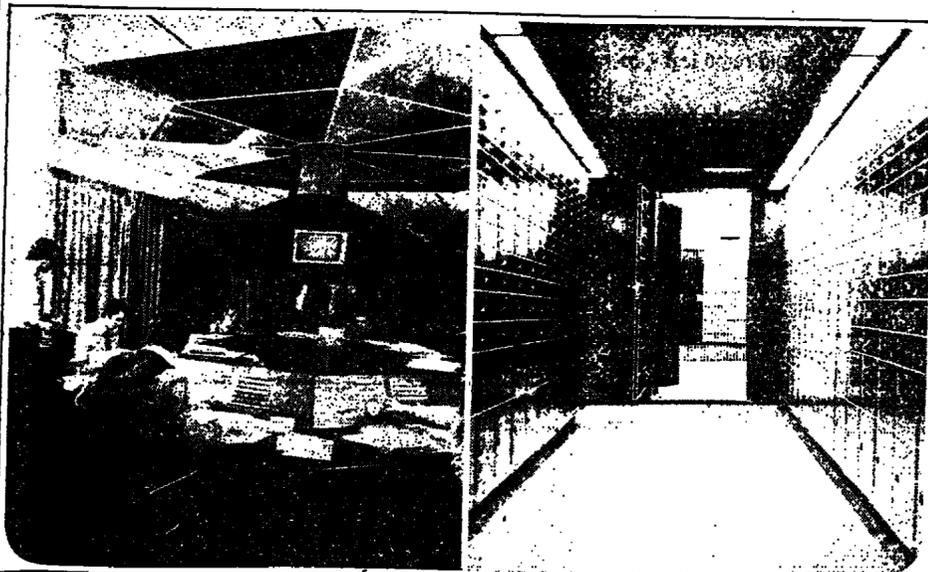


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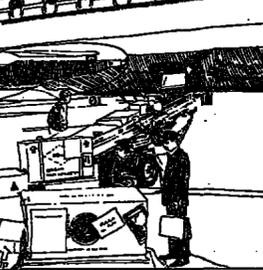
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Trade Development Bank Holding S.A. Highlights from the Chairman's Statement

Export financing

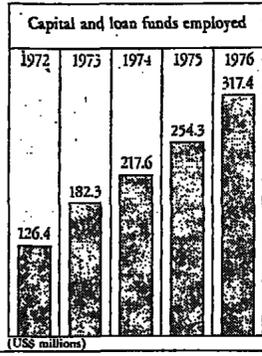
In the course of 1976, we were able to initiate and execute the financing of a number of major exports through the mechanism known as "à forfait". This specialized type of export finance is likely to offer expanding opportunities in the future, as there are limits to the volume of world trade which can be accommodated by official sources of export credit.



New offices opened in Mexico City and Montevideo

During the course of the year we opened representative offices in Mexico and Uruguay, bringing to 16 the number of principal cities in which members of the Group are represented.

Record results in 1976



At December 31st, 1976, TDBH consolidated assets totaled US\$ 3,252.2 million - a rise of 23% over the previous year-end total. Capital and loan funds employed rose to US\$ 317.4 million, against US\$ 254.3 million at the end of 1975. Net earnings after taxes amounted to a record US\$ 23.1 million, or US\$ 1.41 per share, compared with US\$ 21.6 million, or US\$ 1.31 per share, in 1975.

While it is too early to forecast results for the coming year, the first quarter of 1977 has started promisingly and the Board of Directors has decided to recommend an increase in the dividend from US\$ 0.44 per share to US\$ 0.55 per share, payable on May 31st, 1977.

US\$ 1,580 million in syndicated credits

During 1976, banks of TDBH acted selectively as managers or co-managers of internationally syndicated credits amounting to the equivalent of some US\$ 1,580 million, reflecting our growing ability to make a management contribution in major international financings. Group banks also continued to participate as lenders in credits organized by other banks and were able to add substantially to their portfolios by direct financing operations.



RNB starts wholesale banknote operation

With the steady expansion of banknote trading, our U.S. subsidiary, Republic National Bank of N.Y., has started a banknote operation along the lines of TDB's highly successful banknote division.



Trade Development Bank

Shown at left, new head offices of Trade Development Bank, Geneva, Swiss subsidiary of Trade Development Bank Holding S.A. TDB is now the sixth largest commercial bank in Switzerland.
Key offices of the TDB Holding Group: Geneva, London, Paris, New York (Republic National Bank of New York). Other offices in Beirut, Bogota, Brasilia, Buenos Aires, Caracas, Chicago, Frankfurt, Luxembourg, Mexico City, Montevideo, Nassau, Panama City, Rio de Janeiro, São Paulo.

SWISS CAPITAL MARKET II

The currency and money supply

"IN AN inflationary environment we must be conscious of the fact that we cannot simultaneously have a weak currency and price stability." It will surely come as a surprise to many that these words of warning were delivered by the Swiss National Bank President, Mr. F. Leutwiler, and concern the Swiss franc—the currency which has appreciated against virtually all others since the Smithsonian agreement of December 1971.

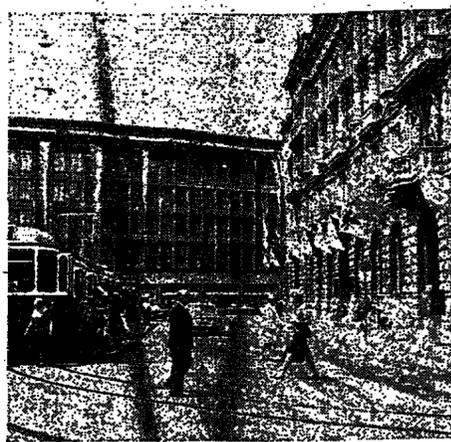
Barely more than a year ago, the spot rate for the Swiss franc, subjected to successive waves of demand, was swept up to a peak of \$0.4197, bringing it to its highest point against the dollar since early 1975, and nine per cent up in less than six months. Worse still, from the Swiss point of view, the Swiss franc gained some eight per cent against the Deutschmark in the first half of last year—and West Germany is by far Switzerland's biggest export market.

But June 21, 1976, may have been a watershed for the Swiss franc. Shortly afterwards the National Bank introduced a number of additional measures aimed at further countering speculation in Swiss francs, announced that the Swiss currency was "definitely overvalued" and that to correct exchange rate distortions intervention on the foreign exchange markets would continue at "massive" levels if necessary.

During the early days last June the Swiss franc climbed down from its peak almost as smartly as a mountaineer in the face of an impending storm. By late July it had eased back against the dollar by five and a quarter per cent, and was five and a half per cent lower against the Deutschmark. Swiss exporters were breathing just a little easier.

Throughout the latter half of last year the going was easier with the gradual decline of the Swiss franc against the all-important D-Mark, although the rise in the latter, with funds flowing heavily into West Germany, tended to pull the Swiss franc up against the dollar.

With discount and Lombard rates at the lowest level in a decade, and with general in-



Zurich's Paradeplatz, centre of its banking district.

terest rates well below those in the rest of Europe, funds started flowing increasingly out of the Swiss francs, taking the pressure off the monetary authorities. The long downward march of the Swiss franc has continued during the first months of this year.

Between the beginning of June last year and mid-May this year, the trade-weighted value of the Swiss franc against the currencies of its 15 main trading partners declined by more than 8½ per cent. At last year's peak this average was a full 20.5 per cent up over the year before.

But just as the limits set on the growth of the Swiss money supply and the strong upward movement of the Swiss franc contributed in no small degree to the remarkable reduction in inflation, which by late 1976 was down to about 1 per cent on an annual basis, the fear now is that a further depreciation of the Swiss franc and the concomitant rise in the price of imports will unleash a new inflationary push, with rapid repercussions on consumer prices and indexed salaries.

The Swiss National Bank and the Government in Bern attach the highest priority to the further stabilisation of prices. For institutional reasons, however, it is not easy for the authorities to control the money supply. Since there is almost no paper to buy in Switzerland, growth in the money supply has to be handled largely through the purchase of foreign exchange. This is all very well when the Swiss franc is on the rise, but looks singularly different when it is declining in value against other currencies.

Last year the Swiss National Bank purchased foreign exchange to the tune of Sw.Frs. 19bn. In order to avoid jeopardising the 6 per cent M1 monetary growth target for the year, these purchases were largely offset by the requirement that foreign borrowers of Swiss franc convert the proceeds of their borrowings at the central bank. Such conversions amounted to Sw.Frs. 15.5bn. in 1976 and along with increased Government borrowings held the growth in M1 money supply to a real seven and a half to eight per cent.

as compared with the target. For this year the target has been fixed at 5 per cent, a figure which was overshoot the first month of the year, may be held now. The expected continuation of a high level capital exports will permit National Bank to continue intervention policy aimed orderly foreign exchange in market conditions for the Swiss franc. But to expect to achieve more than this, bank officials suggest, would be over-ambitious and would be at the risk of spurring inflation.

In his statement to the annual meeting of the Swiss National Bank Mr. Leutwiler pointed out that low interest rates, by stimulating capital exports, had had a significant moderating influence on the upward trend of the Swiss franc against other currencies. This was in line with the international obligations of a country with a strong positive balance, it would be wrong, suggested, to expect the central bank to maintain such interest rates on a permanent basis. On the contrary, argued, money supply policy aimed at achieving stability required a certain flexibility in this field.

Mortgage rates, which range between five and six per cent, are something you do not tamper with lightly in Switzerland. But it is suggested that a gradual increase in the share of long-term, as opposed to medium-term, funds present financing mortgages would achieve the double objective of greater stability and a wider margin of manoeuvre for the central bank in its attempts to influence the money supply through interest rates.

Mr. Leutwiler made a plea for temporary increases in interest rates for the sake of more efficient control of money supply policies. An out-and-out cheap money policy, he predicted, meant running the risk of a double failure—high inflation and higher interest rates.

David E.
Geneva Correspondent

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Spotlight turns on to fiduciary accounts

THE SERIOUS irregularities in this sector of business of recently uncovered at some SwFr.7.5bn. for the year. Chasso branch of Crédit Suisse in Switzerland are particularly interest and attention, both in Switzerland and abroad, to the shadowy domain of fiduciary business administered by Swiss banks. A total of SwFr.2.17bn. of clients' funds, entrusted to Switzerland, their share in last year's SwFr.57.3bn. was SwFr.25.4bn. To put this in perspective, the 98 foreign banks have holding company and quasi-bank Texon-Finanzanstalt instead of into the Euro-market and substantial losses were sustained in the process.

Fiduciary accounts are monies taken over by banks on a trustee basis for transactions in the name of the bank, but at the clients' risk. These transactions, for which banks charge a small commission, of between ½ and 1 per cent, can be in the form of investments, credits or corporate participations; they have become very popular in recent years in portfolio management business in the Euro-market. The main advantages are anonymity provided by the use of the bank's name as trustee and the fact that the investment yield is not subject to Swiss withholding tax in cases where a fiduciary contract has been drawn up according to the requirements of the Federal fiscal authority.

Upswing

There has been a remarkable upswing in fiduciary business over the past few years. In 1960 the total value of Swiss banks' fiduciary business was some Sw.Fr.500m., or less than 1 per cent of their aggregate balance sheet total. By last year foreigners' fiduciary accounts with Swiss banks stood at no less than Sw.Fr.3.3bn. This compares with aggregate assets for the 71 banks reporting to Swiss National Bank of Sw. Fr.287.7bn. but it does not form part of this figure, because since 1972 fiduciary accounts have been excluded from banks' balance sheets in that they do not represent a real engagement on the part of the bank. The foreign fiduciary liabilities of the banks reached SwFr.49.8bn. in 1976, resulting in a surplus

In the wake of Chasso both the Swiss authorities and the banking community are seriously considering whether the whole question of fiduciary accounts should not be reviewed. Of particular substance is the contention that individual banks' commitments in this sector are too hard to ascertain since the removal of this important item from the balance sheets in 1972.

Sensible

The move to exclude them was a sensible one, not only because the nature of the accounts precludes a risk for the bank (Chasso repayments are exceptional as being based on a moral obligation arising from irregularities by bank employees) but also because the inclusion of the fiduciary sums was swelling asset totals disproportionately and calling for excessive equity coverage. Now, however, it is felt that some sort of publication is desirable and perhaps necessary.

In this connection, National Bank president Dr. Fritz Leutwiler has wondered aloud whether fiduciary accounts should not be published "below the line" by individual banks. Some banks, like Swiss Bank Corporation and — in laudable detail — Banca del Gottardo, already do this. It seems possible, too, that the Bankers' Association, in its intended review of fiduciary accounts, guarantees and the like will discuss the question of having fiduciary funds put back into balance-sheets in some way.

There is also a belief in banking circles that new regulations could at some future date be passed to limit risks involved in trustee operations of this kind; but no confirmation can be found for this. In addition, risk limitation would seem a contradiction in terms for accounts in which risk is borne solely by the client. Admittedly the case is altered where guarantees are granted on fiduciary accounts but this is not standard practice in view of the withholding tax consideration.

The attention of auditors also being drawn to the importance of checking up on fiduciary accounts. While the are no longer included in balance sheets and are not subject to the normal investigations of external auditors, they have according to banking law, be "properly registered details of banks' engagement in this sector are of course known to the National Bank. The failure to book fiduciary accounts and guarantees is them is one of the most serious aspects of the Chasso case. Generally, there is a feeling that internal auditors may have been paying too little attention to banks' fiduciary business until the Chasso affair, because it did not figure in the balance and because no risk seemed to be involved for the banks.

Whatever the case, it appears unavoidable that some step will have to be taken to illuminate the fiduciary sector. Politicians—including even the temporarily pro-bank Radical Party president Fritz Honegg—want to see what Honegg calls a better grip on these transactions and both Government and the Bankers' Association are ready and willing to help. No doubt the agreement between the National Bank and the Bankers' Association which comes into force to-day will do something to counter hard-sell propagation of fiduciary facilities as a means to aid and abet fugitive money movements and to identify any hitherto insufficiently recognised clients.

In the meantime, business seems to be going on more or less as usual. Latest National Bank figures show an increase in banks' fiduciary assets with foreign clients—domestic fiduciary business is only a fraction of this sum—to Sw.Frs.62.6bn. by the end of March. However, this was before the disclosure of the Chasso case and all the subsequent official measures: it will be interesting to see what has happened to the figure by the end of June.

John Wicks

Foreign borrowing less active

THE PAST year has been one of peaks and troughs for Swiss activity in the international capital markets. As far as Swiss franc operations were concerned, 1976 saw record financings in public bond issues, private placements and Swiss franc-denominated medium-term commercial bank loans. In the international bond market in general it also saw the big three Swiss banks take first, second and third place in many of the league tables.

On the other hand, activity in Swiss franc-denominated issues has fallen right back this year while the Chiasso affair and the subsequent proposals to strengthen the controls in Swiss banking have inevitably raised questions about the Swiss banks' future role in managing other people's money.

The amounts of money raised last year by non-Swiss borrowers in the Swiss capital markets is set out in the accompanying table. Only a glance is needed to see the very sharp increase in the volume of business between 1975 and 1976. The large volume of private placements in particular pleased the Swiss authorities since, with the help of the regulations requiring foreign borrowers to convert

best be seen by glancing at the 1976 Annual Financing Directory published by the American Institute of Institutional Investors. In this publication managerial positions are analysed in no less than 21 separate ways—the market is broken down into several different currency mixes with columns for "full credit given to lead manager," "full credit to each manager," and "postponable credit to each manager" within each currency grouping. While the big three Swiss banks do not show up as top lead manager in any of the

general view on this was summarised in a policy statement in the Swiss Bank Corporation's last annual report.

"Because of our position in the Eurocurrency and Eurobond markets," it said, "we are frequently invited to join international bank syndicates organising loans, mostly on a rollover basis and in Eurodollars. Initially we were cautious about engaging in this type of business in view of the rollover aspect but we are now willing to participate on a wider scale. This will enable us to

that this was restricted to smaller fry and that the big three invested money put on trust with them safely rather than productively. Those who in the past would have accepted a negative real rate of return from a big Swiss bank on the assumption that this meant that the capital would be placed in riskless investments will be thinking twice from now on.

The other reason is that it is just possible that the tightening up of control over banks in Switzerland could destroy the Swiss banks' reputation for discretion, possibly even their capacity to be discreet.

FOREIGN BUSINESS (Sw. Frs. bn.)

	1976	1975	Increase %
Public bond issues	3.4	2.4	42
Private placements	10.5	7.2	46
Total securities	13.9	9.6	45
Bank credits*	5.2	2.5	108

* Loans with maturities of at least a year and amounts of at least Sw. Frs. 10m.

Source: Swiss National Bank.

Answers

The two answers to the latter problem are, first, that there is every indication so far that the Swiss authorities will lean over backwards to ensure that the new regulations do not prejudice the banks' capacity to attract international funds, and second that even with the new regulations Swiss banks are probably unrivalled by banks anywhere else in the degree of discretion they can offer.

On the first point it is indicative that the approach of the Swiss National Bank to the problem posed by the unsavoury reputation of the Swiss numbered account was that if every Swiss bank account was given a number rather than a name then presumably the numbered account would cease to be an issue by becoming something completely ordinary.

Finally, it seems likely that even quite apart from the Chiasso affair, the Swiss banks' international business will not continue to grow at the pace of the recent hectic years. One reason for this is that the big new depositors from OPEC countries are confident enough now to diversify—there have already been signs of Middle East funds flowing into other centres. Another is the likelihood that the Swiss franc will not continue to appreciate at the same rate as in the past.

Mary Campbell

transfer funds previously placed with banks in the Euro market to other prime international names creating useful new links with them in the process.

Just what the impact of the Chiasso affair will be on the Swiss banks' international business is still anyone's guess. So far there is no sign that the Swiss banks have lost any of their muscle, though many operators in the Eurobond market detected or fancied they detected a retraction into shorter term investments by the Swiss banks in the immediate aftermath of the affair.

There are two reasons why the affair might cut back the flows of international funds to Swiss banks. One is that it has destroyed the "safe" image of the big three Swiss banks. Anyone involved in placing deposits internationally knew that there was plenty of wheeling and dealing in Swiss banking but it tended to be assumed

that the big three Swiss banks have also, if only gingerly, begun to take an interest in medium-term lending operations. Their

Heads

Of the big three Swiss banks, the credit Suisse, via its London and New York offices, has the widest and most active head office in the league table, with Union Bank of Switzerland second and Swiss Bank Corporation third.

The position of the big three also, if only gingerly, begun to take an interest in medium-term lending operations. Their

Dull conditions for domestic issues

AFTER A LONG and happy 944 per cent. when this article first appeared, the domestic Swiss capital market has since spring been faced with rising coupons, sluggish demand and a weakening of the secondary bond market. Sub-investing public by giving notice of premature repayments of old loans in order to get the best possible address on the ground floor with the new and considerably lower interest rate. The sellers' market conditions which typified 1976 and continued into the first months of this year are already starting to look like "the good old days gone by."

The past year had seen a striking continuation of the cheaper money trend which was so marked in 1975. At the beginning of that year first-class borrowers were having to pay 8 per cent and less attractive loans were costing up to 9 per cent. By the turn of the year, cantons and cantonal banks' coupons had a spread from 51 to 74 per cent. During 1976 and 1977, the more or less steady decline brought the range down to only 44-54 per cent and by February last, local authorities were rejecting in full subscriptions for loans at only 4 per cent, despite a standard 15-year maturity. Admittedly, with a national annual inflation rate of only 1 per cent, this sort of interest rate was still by no means unattractive to investors. It was, however, the easiest money for borrowers for many a long year.

Signal

The storm signal came in mid-February, when the Confederation ill-advisedly tried to undercut the 4 per cent rate with a Sw. Fr. 500m. loan over 15 years at a coupon of 31 per cent and a price of 991 per cent. The resultant yield was considered so poor, even by the modest standards, that the loan value of Sw. Frs. 1.63bn. or one fopped and substantial slices had to be taken up by the issuing banks and the National Bank. Subsequently, the National Bank supported the secondary market price for some time until letting it reach its own level—no more than coupons to borrow a good deal

of money in reserve. For publicly issued bond loans, the Confederation accounted for Sw. Frs. 2.75bn. nominal value of the Sw. Frs. 8.41bn. 1976 total, the cantons and communes for a further Sw. Frs. 1.35bn. Among the other borrowers only the utilities (electricity, gas and waterworks) showed a substantial sum, with Sw. Frs. 1.22bn. nominal value. The remainder, taken together showed almost no increase over the 1975 total of Sw. Frs. 3bn. (Sw. Frs. 2.98bn.). The recession having affected particularly the willingness of industrial undertakings to borrow new money.

Record

All in all, the total nominal value rose to a record Sw. Frs. 8.41bn. (1975: Sw. Frs. 7.35bn.) last year and the net new-money total — that is, after deduction of conversions — jumped to Sw. Frs. 7.07bn. (Sw. Frs. 5.95bn.). The predominance of public authorities was much greater still in the field of privately placed domestic loan issues, where out of a total of some Sw. Frs. 1.97bn. no less than Sw. Frs. 1.72bn. was accounted for by the Confederation alone and a further Sw. Frs. 25m. by cantons and communes.

There are now signs that the share of the private sector is growing again, at least with regard to public market issues. In the first four months of 1977 the nominal value of publicly-issued bonds, including conversions, was Sw. Frs. 2.23bn.—and thus substantially lower than the Sw. Frs. 3.3bn. for the corresponding period of last year—and of this, Sw. Frs. 994m. was taken up by public authorities. The third quarter calendar points to a definite reduction in the share of the public authorities. The Confederation is now no longer expected to borrow again this year after its embarrassing failure in February. In all, the public authority share appears to have fallen to about one-third of the new-issue total.

Any forecast as to the supply side of the Swiss domestic bond

market would have to reckon with some growth at least in private sector borrowing, not least on the part of industrial companies which have been absent from the market for some time and are perhaps envisaging long-postponed capital investment. A recent Swiss Bank Corporation study reckons on "above-average" growth in investments in equipment in the coming four years.

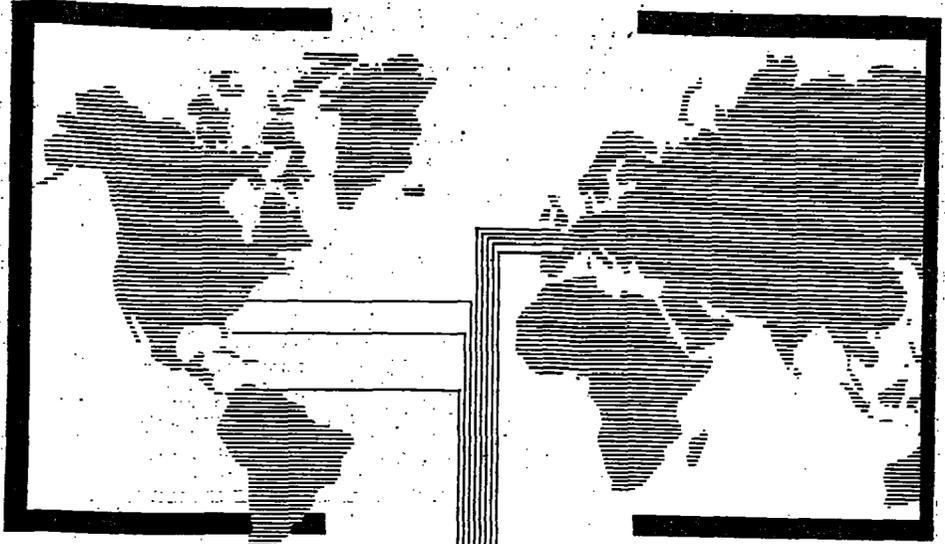
At the same time, however, the public sector has just been faced with the rejection of a proposal to introduce VAT by a large referendum majority. This means that the Confederation will not realise the additional fiscal income (Sw. Frs. 2.9bn. more would have been created by VAT by 1979) which had been hoped for and will have to deal with a soaring budgetary deficit. The Confederation itself will not need more funds all that soon owing to the large reserves it built up in the recent cheap money phase of the capital market. The cantons, however, which have to tackle deficits of their own in most cases and will now doubtless receive less aid from the central Government, are expected to increase their activity as bond issuers in 1978.

With probable higher loan volumes from the private sector and the cantons next year, there could be upward pressure on interest rates. This will certainly be the case if and when the Confederation starts large-scale borrowing again too. Rates will in any case tend upward when inflation rises from its current remarkably low level of 1 per cent or little more.

Nevertheless a further rise in coupons does not seem to be pending in the immediate future—and the National Bank has frequently stated that not even public authorities will be permitted to drive up interest rates and consequently inflation rates to unacceptable levels. A squeeze on public spending and some sort of tax increase are considered infinitely preferable to a return to the high-interest days of late 1974 or early 1975.

J.W.

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Consolidated balance sheet total as at 31.12.1976 Sfr. 2,700 millions

Consolidated deposits as at 31.12.1976 (including trust accounts) Sfr. 4,630 millions

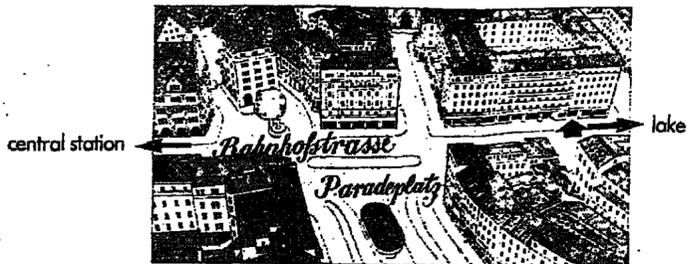
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SWISS CAPITAL MARKET IV

Learning lessons the hard way

THE PAST few years have seen a number of more or less serious banking scandals in Switzerland, the most dramatic being the most recent—a loss of hundreds of millions of Swiss francs by the Chiasso branch of Crédit Suisse. This latter case in particular, involving as it does a large and famous bank, was in the words of the Government "such as to prejudice the good reputation of an important sector of the economy." The international financial community found it difficult to see

how irregularities of this kind could come about in view of the stringent internal and external controls which might be expected to exist. Certainly, Chiasso is only the latest of a long series of incidents leading to substantial losses by a Swiss or Swiss-based bank. Only just before Crédit Suisse disclosed this case, which concerns the misdirection by a branch management of Sw.Frs. 2.17bn. of clients' fiduciary accounts to the Liechtenstein company Texon-Finanzanstalt, the Federal Banking Commission announced the

closure of the Lugano bank Weisscredit. Here too fiduciary funds of primarily Italian clients had been pumped to an associated Liechtenstein company, Finanz- und Vertrauenshandelsanstalt; losses on these transfers of Sw.Frs. 240m. are put at Sw.Frs. 120m. by the Swiss authorities, though the Liechtenstein public prosecutor put them much higher. The Ticino was the scene of another cause célèbre of recent banking history, when in 1974 Sw.Frs. 222m. was lost in foreign exchange dealings by employees of the Lugano branch of Lloyds Bank. The parent bank picked up the losses, while the two men responsible were given suspended sentences of 18 and six months and fined Sw.Frs. 2,000 each. Other banks have sustained substantial losses in the past few years in the foreign exchange and allied fields. Again in 1974, Union Bank of Switzerland announced it had lost Sw.Frs. 142m. on forward currency transactions with a single client.

perhaps a further Sw.Frs.30m. deficit on its investments in the Swiss holding concern Küderli. Lots of small banks have gone broke trying to put short-term money out to long-term investments. The list of banks' misfortunes and misdemeanours is thus so disparate that it is impossible to draw any general conclusions from the whole. Criminal offences on one side cannot be lumped together with weaknesses in managerial or banking ability on the other. There are, however, some remarks which can be made in connection with some of the recent bank incidents.

One is that many of the affairs in question are the result of the almost explosive expansion of Swiss banking, which doubled the aggregate balance sheet total between 1965 and 1970 and increased it by a further 70 per cent. between 1970 and last year. In some cases this has resulted in what Finance Minister Georges-A. André Chevallaz last week called "growth euphoria."

The mere fact that 490 banks operate in Switzerland means that there are likely to be a certain number of casualties among them, while the chances offered by such a dynamic industry as Swiss banking have in any case tended to dilute the caution, traditional to the country's financial institutions. This is not to say that Swiss banks as a whole have become less serious-minded or more ready to go out on a limb; with few exceptions they remain very professional, highly ethical and extremely conventional. But recent history proves that opportunities to succeed have been accompanied by opportunities to fall by the wayside.

A point frequently made in Switzerland itself in the past few months is that banks have found it hard to adjust to their new dimensions. Certainly the Chiasso case illustrated clearly the failure of internal control, since Crédit Suisse headquarters says the operations in question were unknown to central management. There are now clear indications that banks are looking very closely at their control functions and at the sort of business which individual departments might be developing to the detriment of the bank and of banking in general. Even more serious a question is how so many banking scandals as in the past can have come about in view of official controls. The fact is that until recently these had developed far too slowly. The Swiss Banking Commission, whose job it is to watch over the industry, has just experienced a major expansion of its establishment — to a staff of about 15, including secretaries. While the Commission has always moved as soon as a case has broken, its considerable limitations have kept it from much real ear-to-the-ground work enabling the nipping of scandals in the bud.

identify to the best of their ability new and existing clients and funds and will stop them engaging in the "suitcase trade" — that is, the hard selling abroad, outside the bank, of facilities for expatriation of fugitive money. While this, according to Bankers' Association president Alfred E. Sarasin, represents only "what good bankers have always worked to and what has been normal practice in the vast majority of all banks," the Government is expecting a few banks at least to fold after its inception.

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Causes

Other well-known scandals have had a wide range of causes. The Sw.Frs.160m. lost by United California Bank (Basle) AG in 1970 went on silver and cocoa speculation, for example; the Sw.Frs.345m. lost by Banque de Crédit International, Geneva, arose from alleged disloyal management and speculation in real estate and foreign exchange; and the Banque de Financement (Finabank), also of Geneva, collapsed last year with a loss provisionally put at Sw.Frs. 95m. owing to an unbalanced credit commitment within the Sindona group.

A considerable number can be attributed to faulty judgment—as with the Migros-Bank, which apparently lost Sw.Frs.50m. or more in the German Glögler debacle in 1975 and is now faced with

Wanting

An important factor in the agreement is that in the case of offences against its regulations, the Federal Banking Commission will be called on to determine whether the persons entrusted with the administration and management of the offending bank can still "assure the proper conduct of business operation," as already required by federal banking law. This concerns the quality of bankers and the possible ousting of people unfit for the profession has been widely discussed in the past weeks and not only in connection with the agreement. There is some justification in the claim that surveillance of people in banking has been proved wanting in Switzerland during recent years.

Resented

Until economic and monetary necessity brought with it a substantial extension of bank reporting to the Swiss National Bank, this body was not particularly well-informed about the workings of the banking system. In the past, surveillance and control mechanisms would indeed have been widely resented in Switzerland as undesirable interference by the State. That said the authorities

It has been the Chiasso case, however, which has had the most immediate effects. While the Government is unwilling to enact new law and is definitely against the albeit vague proposals of the Social Democratic Party to build some kind of State participation into the management of the banking sector, it is ready — to quote Chevallaz — to "consider all measures and regulations" to counter the shortcomings of the system which have led to this and other scandals.

As a particular proof of this determination to improve the situation, the National Bank — which for the past two years has been warning against excessive growth of the financial apparatus — pushed through in double-quick time an agreement with the Swiss Bankers' Association which comes into effect to-day for an initial period of five years. This agreement, not one of the traditional "gentlemen's agreements" beloved by Swiss banking and including sanctions for contraven- tion, will cause banks to

identify to the best of their ability new and existing clients and funds and will stop them engaging in the "suitcase trade" — that is, the hard selling abroad, outside the bank, of facilities for expatriation of fugitive money. While this, according to Bankers' Association president Alfred E. Sarasin, represents only "what good bankers have always worked to and what has been normal practice in the vast majority of all banks," the Government is expecting a few banks at least to fold after its inception.

The Federal Council is also to agree to a further expansion of the Banking Commission and has considered, but apparently not agreed to, the formation of a special fire-brigade auditing team to work for the authorities. Last week Chevallaz announced ominously that although there was no intention to drop the institution of banking secrecy, this prin-

principle should not be better tested legally than physics or lawyers' secrecy. This is that, in future legislation breaking of bank secrecy be prosecuted only when charges are brought and when contravention is intentional. The two latest bank at Chiasso and Weisscredit, likely also to have an t on Liechtenstein. Consults have already started but the Swiss authorities and of the neighbouring p pality, which itself has announced an agreement, its banks parallel to that in Zurich on June 2 by Swiss. Within Liechten there is a growing feeling some sort of change must be made to holding-company to prevent abuses like operation of quasi-banks; the cases of Texon-Finanz and Finanz- und Vertrauenshandelsanstalt in Switzerland is not a little indign in high places at the cont existence within the frame work of a corporate which lends itself to abuses.

The realisation that have to be taken to clamp on banking scandals as possible—white-collar will always occur, of course is present with the bank well as with the authority Switzerland. The Bankers' mission has spoken out favour of better internal external controls and its members to sign the agreement. In addition, is in hand at the body's I offices to come up with suggestions (probably autumn) on such matter fiduciary accounts, the gra and registration of guaran and internal auditing cedures.

Gotthard Bank		Headquarters: Lugano	Branches: Chiasso, Locarno, Locarno, Zurich, Nassau (Bahamas)	Representative Office in Germany: Frankfurt am Main
December 31, 1974	December 31, 1975	December 31, 1976		
15th Bank in Switzerland according to the Net Profit (12.7 Mio.Fr.)	13th Bank in Switzerland according to the Net Profit (15.3 Mio.Fr.)	11th Bank in Switzerland according to the Net Profit (18.2 Mio.Fr.)		
25th Bank in Switzerland according to the Capital Funds (122.0 Mio.Fr.)	16th Bank in Switzerland according to the Capital Funds (167.0 Mio.Fr.)	16th Bank in Switzerland according to the Capital Funds (181.2 Mio.Fr.)		
35th Bank in Switzerland according to the Balance Sheet (234.9 Mio.Fr.)	31st Bank in Switzerland according to the Balance Sheet (1566.3 Mio.Fr.)	28th Bank in Switzerland according to the Balance Sheet (1831.6 Mio.Fr.)		



At the Berne offices of the Swiss Bank Corporation a small computer is used to check stock prices.

Hesitant year for shares

THE Basle Stock Exchange fittingly celebrated its hundredth anniversary year in 1976 with a record Sw.Frs.23bn. in securities trading—a rise of 21 per cent. to follow the previous year's unusual 64 per cent. growth. The number of deals also went up by some 8 per cent. to more than 92,000. A similar performance was turned in by the other two main Swiss exchanges—Zurich and Geneva—in the decentralised Swiss system. Zurich, which also hit an all-time record in turnover last year (Sw.Frs. 105.5bn.) is moving strongly ahead again with trading for the first four months of this year ahead in value terms by nearly five per cent., although the number of deals has dropped back.

The Zurich Stock Exchange centenary falls this year. Meanwhile Geneva, which is the oldest exchange and about the same size as Basle, is also performing well. But the Swiss share indices do not look nearly as good as the trading might suggest. The Swiss Bank Corporation's general index rose by only 4.9 per cent. last year compared with 42.4 per cent. in 1975. The 1976 year-end average was 303.5, and continuing an upward trend started in autumn last year progressed further during the first three and a half months of this year.

There was during this time a somewhat more confident appraisal of the economy linked to the decline in the value of the Swiss franc and the improved competitive position on Switzerland's export markets. Conditions in the money and capital markets were also favourable and the year-end results announced by major industrial corporations showed that many had recovered or increased their earning power despite the difficulties of the recession. Several increased their dividends, providing an added stimulus to the stock markets. But the generally bullish mood came to an abrupt end with the breaking of the Chiasso scandal involving one of Switzerland's big three banks, the Credit Suisse, in substantial though as yet unreported losses. The market turned sour and the Swiss Bank Corporation index fell back to below the 300 level. It is at present around 297. The Credit Suisse bearer shares themselves fell back by about one third, and pulled quotations in the banking sector generally down by about 15 per cent. Although, as one Swiss newspaper headline put it, "All is not rotten in the kingdom of William Tell," the market has become hesitant, with psychological factors weighing heavily in the balance. In addition, the performance of Wall Street, to which the Swiss stock market is particularly sensitive, has hardly been encouraging and the underlying factors of the Swiss economy, with several sectors faced with structural problems, are unlikely to give rise to any spectacular developments this year.

Negative

The rejection by the Swiss electorate of the introduction of VAT to replace the present turnover sales tax has also had a negative influence on the stock market. In a strengthened economy drive the Government may be forced to cut back orders for industry, on the one hand, while an increase in turnover tax could create additional difficulties. The Swiss stock market is in fact at almost exactly the same level as it was in 1971. But in Swiss franc terms only Japan (plus 74 per cent.) and West Germany (plus 3.8 per cent.) have performed better. In the

1971 to 1976 period, the Financial Times Ordinary Index recalculated in Swiss francs declined by 58 per cent., while on the same terms the share index in the U.S. dropped by nearly a third. With one exception only Swiss-run stock investment funds have shown extensive losses in the past five years. The exception is a fund specialising in Japanese stock which, counting dividends, shows an average annual return of some 8.1 per cent. in the 1972 to 1977 period. On the same basis the others show declines in value ranging from 42 per cent. for a fund holding Swiss shares to 56.2 per cent. for a fund holding Italian shares. In the same period the performance of the half-dozen Swiss-based bond funds has been mixed but generally not encouraging. The best performer has provided an annual 5 per cent. return on investment, while three out of the six are on the minus side. The real estate funds have performed significantly better, with one producing an annual 10 per cent. return on initial investment, and all but one on the plus side. But despite the conclusions one may reach from the longer-term view of performance, most Swiss funds did well last year. Improved international stock market conditions resulted in higher net asset values. With the exception of those stock funds specialising in U.S., Canadian, French, Spanish and Italian stocks, nearly all recorded a rise of several percentage points in their issue prices. But, taken as a whole, Swiss investment funds ran into a net redemption situation last year, with a decline of nearly 1.5 per cent. in the average number of shares in circulation.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table containing financial data for various unit trusts and offshore funds, including columns for fund names, managers, and performance metrics.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including A.B.N. Bank, Allied Irish Banks Ltd., and others.

FOOD PRICE MOVEMENTS

Table showing food price movements for various commodities like Bacon, Butter, Eggs, and Meat, with columns for current price, week ago, and month ago.

INSURANCE, PROPERTY, BONDS

Large table listing insurance, property, and bond products from various companies, including Alamy Life Assurance Co. Ltd., Equity & Law Life Ass. Soc. Ltd., and others.

Additional text and notes at the bottom left of the page, including 'BASE LENDING RATES' and 'FOOD PRICE MOVEMENTS' details.

Additional text and notes at the bottom right of the page, including 'INSURANCE, PROPERTY, BONDS' details and 'CLIVE INVESTMENTS LIMITED' information.

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high/low, and volume.

MOTORS, AIRCRAFT TRADES

Table listing various motor and aircraft related stocks such as Rover, Jaguar, and British Aerospace.

PROPERTY - Continued

Table of property-related stocks including various real estate and construction companies.

TRUSTS - Continued

Table of trust and investment funds such as Guinness, Anglo-Saxon, and others.

TRUSTS - Continued

Table of trust and investment funds, including various international and domestic trusts.

NOMURA The Nomura Securities Co., Ltd. Japan's leader in international capital and investment banking.

MINES - Continued table listing various mining stocks and their prices.

AUSTRALIAN table listing Australian stock market indices and prices.

TINS table listing tin-related stocks and prices.

COPPER table listing copper-related stocks and prices.

MISCELLANEOUS table listing various other stocks and prices.

NOTES section providing financial news, market commentary, and company announcements.

TEAS table listing tea-related stocks and prices.

INDIA AND BANGLADESH table listing stocks from India and Bangladesh.

SRI LANKA table listing stocks from Sri Lanka.

AFRICA table listing African stocks and prices.

MINES table listing mining stocks, including Central Rand and Eastern Rand.

EASTERN RAND table listing Eastern Rand mining stocks.

FAR WEST RAND table listing Far West Rand mining stocks.

FINANCE table listing financial and investment-related stocks.

DIAMOND AND PLATINUM table listing diamond and platinum-related stocks.

Regional Markets section listing stock prices for various international markets like Hong Kong, Singapore, and others.



Carter stops B-1 bomber production

BY JUREK MARTIN

WASHINGTON, June 30.

President Jimmy Carter today dropped the B-1 bomber from the U.S. strategic armory. He announced at a Press conference that production and deployment of the aircraft designed to take the place of the B-52 should cease.

He left open the tiniest possibility that the B-1 project could be revived. Limited research and development on the aircraft, which was to have been manufactured by Rockwell International, will continue.

He could change his mind if relations with the Soviet Union deteriorated drastically, "which I don't anticipate."

A determined push to rescue the B-1 can be expected from Congress. It is hard to see Congress mustering the two-thirds majority in both houses, which is what would be needed to override the President's decision.

Mr. Bastian Hello, head of Rockwell's B-1 division, said he was "shocked and naturally disappointed" and that thousands of people in the Los Angeles area would have to be laid off in the next few weeks.

Working for a variety of sub-contractors on the prototypes of the aircraft, the nation's tenth largest defence contractor, was

very confident up until this morning that its intense lobbying in favour of the aircraft had borne fruit. However, in anticipation of the project being cancelled, it had taken care to reduce its exposure to a minimum.

Last year a sceptical Congress authorised very limited funding for prototype B-1 development. It would be a major surprise to discover a radical shift on Capitol Hill in the B-1's favour.

Mr. Carter's emphasis throughout his Press conference was on the adequate alternative strategic weapons at the disposal of the U.S. The U.S. would continue to base its defence on the triad of submarine launched ballistic missiles, intercontinental ballistic missiles and a bomber fleet with cruise capability.

He did not deny that the thorny strategic arms limitation talks with the Soviet Union were a factor in his decision. But he added: "That was not the reason for my decision. If I had looked at the B-1 as simply a bargaining chip, then my decision would have been to go ahead with the weapon."

The President's espousal of the cruise missile, the versatile, relatively cheap pilotless aircraft, may give the Soviet Union cause for greater concern. Mr. Carter only mentioned the air-launched version of the cruise at his Press conference, but it is known that land- and sea-based varieties are critical to its deployment.

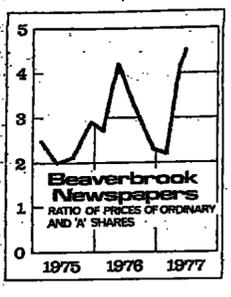
Mr. Carter also said he would welcome the chance to meet Mr. Brezhnev, the Soviet leader, this year to get acquainted. He stressed that he did not believe Soviet-American relations were deteriorating rapidly.

Gollish makes way, Page 6

THE LEX COLUMN Fourth estate for Trafalgar House

Index rose 0.1 to 456.3 BIA report

Trafalgar House claims that its bid for Beaverbrook stands up on financial grounds—but its main motives do not appear to lie in the figure work. In terms of cash, a bid of £13.7m. only represents a relatively small investment for a group which last year spent £48m. on new fixed assets. But in terms of management commitment, it is much bigger than that.



The overall bid package looks extremely generous when set against Beaverbrook's financial performance in recent years. However the problems which it is taking on may not be as pressing as has been suggested. Debt may not be much more than about £2m., compared with net assets of around £20m., and although the potential redundancy payments and the repayment of extended credit terms could be a worry at some stage (they could add up to vary roughly £10m.) Trafalgar is certainly not going to be under any immediate pressure to take radical decisions.

At any rate, he has already bought four-fifths of the votes subject only to the Takeover Panel's approval of the separate terms for the Ordinary and the "A" shares, which represent under 11 per cent of the equity, are being offered as much as 30 per cent of the total cash offer — a premium which Sir James Goldsmith, who since January has controlled two-fifths of the non-voting interest, finds unacceptable. He proposes that the non-voting interest should be represented by independent merchant bank advisers.

On balance the Panel seems unlikely to get too worked up about this issue. Although it has the votes, Trafalgar will need full control of the equity if it is to press ahead with changes at Beaverbrook. All the same a ratio of nearer three to one would have looked more acceptable.

CLCB/Wilson The preliminary submission by the Committee of London Clearing Bankers to the Wilson Committee sets out clearly the traditional approach of British banks to industrial and commercial lending. The CLCB argues that it is dangerous to confuse the role of banker and the role of proprietor or manager. The banker is especially interested in the "gearing" of a borrower, meaning the relationship between total borrowing

Insurers lose £37m. on U.K. underwriting

BY ERIC SHORT

BRITISH insurance companies saw their normally profitable U.K. business turn in a record underwriting loss of £37.4m. last year, according to figures yesterday from the British Insurance Association. This is the first time since 1969 that the account failed to make a profit. The loss represented 1.9 per cent of premiums, which increased by a fifth to £1,950m.

Behind the loss are two natural disasters which affected the U.K. in 1976. The severe storms which swept the country during the first week-end of that year cost insurance companies £20m. while the long hot dry summer was even worse in its effects. The resultant damage to private property through subsidence cost BIA members about £60m. in claims. Further large subsidence claims are expected this year.

The net result was that the first and second accounts lost £38.1m. in 1976 compared with a profit of £20.3m. in 1975. A warning was given by the BIA yesterday that unless the public insured their properties for full rebuilding costs, an increase in "household" policy rates, un-derstandably, over 50 years, would be inevitable.

In contrast, the motor account, normally the more troublesome side of the business, made a small underwriting profit of £1.7m. (0.3 per cent of premiums) against a loss of £4.6m. in 1975. Claim costs during the year were affected by spare parts price increases averaging 17 per cent, labour costs, up 12 per cent, and car prices themselves, which advanced by over 20 per cent on average.

But increases in premium rates, averaging 14 per cent, together with a drop in the number of claims, helped the motor business into profit. The big improvement in worldwide motor insurance business resulted in the overall underwriting loss of British insurance being cut to £196.3m. (2.7 per cent of premiums) in 1976 from the record £173m. of the previous year. Worldwide motor losses were reduced by more than two-thirds to £43.9m., reflecting the premium rate increases implemented during 1975 and 1976.

This improvement was reflected in both the U.S.—the problem territory of British insurance—and in the rest of the world, although Mr. Bill Harris, chairman of the BIA, pointed out yesterday that insurance would be better understood by politicians, and was intensifying its educational campaign so that the benefits of free enterprise insurance would be better understood by the electorate.

New BIA chairman, Page 9

Whitehall firm on new accounting

BY MICHAEL LAFFERTY

OFFICIALS in Whitehall emphasised yesterday that the Government remains committed to the introduction of current cost accounting (CCA) regardless of the Accounting Standards Committee decision on Wednesday not to continue with the Morpeth proposals in their present form.

The Treasury, the Department of Trade and the Bank of England are discussing the matter, and a statement to clarify the situation may be issued by Mr. Edmund Dell, Secretary for Trade.

Rhodesia to spend £132m. on defence

BY TONY HAWKINS

SALISBURY, June 30.

RHODESIA'S DEFENCE spending will rise by 44 per cent in the next year to £132m., according to public expenditure estimates tabled in the Rhodesia House of Assembly today.

Spending on the Army will be about £100m., the Air Force a further £26.5m., and the Guard Force £4.5m.

However, there is at least a further £60m. to be provided under various other headings, taking the total cost of the shooting war to more than £190m. or above £200,000 a day.

The expenditure will also include the provision for make-up pay (for men on call-up in the security forces), security measures in the tribal trust lands, civil defence, the construction of special units and bridges in security-sensitive areas and significant amount to the police.

Spending on the global "anti-insurgency" will be 25 per cent, and security spending will absorb about 26 per cent of the total Rhodesian budget this year as against about 22 per cent last year.

The government has kept a tight rein on expenditure which is unrelated to the economic or security "wars" increasing the spending this year to less than 11 per cent, which is roughly in line with present estimates of the rate of inflation.

Expenditure on budget account —to be financed primarily from tax revenue—will increase 18 per cent, leaving Mr. David Smith, Minister of Finance, with a substantial budgetary gap to fill when he presents the 1977 budget in a fortnight.

Mr. Smith may face a budget deficit of about £100m., which is unrealistically high.

Shipyards nationalisation 'no jobs guarantee'

BY ROY ROGERS, SHIPPING CORRESPONDENT

NATIONALISATION of the shipbuilding industry will not guarantee employment for the new Corporation's workers for the period of stability to plan for the future. He foresaw a difficult time for the industry.

He stressed, on the eve of a vesting day, that while there were no plans for yard closures or redundancies, individual yards could not be protected from inclusion of a reactivated Super-tanker order for Scott Lithgow and two gas-carriers for Harland and Wolff (State-owned but separate from British Shipbuilders) is ignored, order levels might be lost unless orders are carried up considerably. He was generally optimistic about the industry at its present size.

Weather

U.K. TO-DAY MOSTLY cloudy with rain. London, S.E., Cent. S. England, E. Anglia, Midlands. Mostly dry, variable cloud, bright spells. Max. 20C (68F). E. Cent., N.E. England. Cloudy, some rain or drizzle early. Max. 20C (68F). Channel, S.W., N.W. England, Wales, Lakes, I. of Man. Cloudy, rain or drizzle. Max. 18C (64F). Borders, Edinburgh, Dundee. Cloudy, occasional rain. Max. 18C (64F). Aberdeen, Moray Firth, N.E. Scotland. Cloudy, rain and drizzle, brighter later. Max. 17C (63F). W. Scotland, Glasgow, Kent, Highlands, Argyll, N. Ireland. Cloudy, some heavy rain. Max. 18C (64F). Orkney, Shetland. Cloudy, rain. Max. 12C (54F). Outlook: Most areas will have rain and sunny intervals but S.E. will be mostly dry. Long range: Changeable. Short warm interludes are likely.

Table with columns for City, Temp, Wind, Rain, Clouds. Lists various cities like Alexandria, Amman, Athens, Bahrain, Barcelona, Beirut, Berlin, Birmingham, Belfast, Brussels, Bucharest, Cardiff, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Glasgow, Helsinki, Hong Kong, Istanbul, London, Luxembourg, Madrid, Manchester, Melbourne, Milan, Montreal, Moscow, Munich, New York, Oslo, Paris, Perth, Prague, Rome, Rio de Janeiro, Stockholm, Taipei, Tel Aviv, Tokyo, Vienna, Zurich.

HOLIDAY RESORTS Table with columns for City, Temp, Wind, Rain, Clouds. Lists resorts like Ajaccio, Biarritz, Cannes, Capri, Courmayeur, Garmisch, Innsbruck, Ischia, Lloret de Mar, Marbella, Marrakech, Miami Beach, Monte Carlo, Naxos, Palma de Maiorca, Portofino, St. Tropez, Taormina, Tignes, Val d'Isere, Zermatt.

Talks on Grunwick inquiry

Arbitration Service that APEX was recognised for all the company's weekly-paid workers, including site disputes in 1967, 0 months.

Clearing banks

These institutions have advantages in attracting deposits and suggest an overhaul of the whole range of controls, regulations, incentives and subsidies applied to the financial sector.

The evidence calls for greater general recognition of the true costs of financing industry, particularly in relation to the operational expenses incurred in attending current account funds.

PENSIONS... the next step. A general guide to the Social Security Pensions Act 1975. A decision must be made. Includes logos for The Emeritus Fund, Growth Pension Fund, Pension & other Benefits for Executives.

Handwritten signature or mark at the bottom of the page.